

TATA MOTORS LTD/FI
Form 20-F
September 30, 2008
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As filed with the Securities and Exchange Commission on September 30, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

Commission file number: 001-32294

TATA MOTORS LIMITED

(Exact name of Registrant as specified in its charter)

Not applicable

(Translation of Registrant's name into English)

Bombay House

24, Homi Mody Street

Republic of India

(Jurisdiction of incorporation or organization)

Mumbai 400 001, India

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Ordinary Shares, par value Rs.10 per share *	The New York Stock Exchange, Inc

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report. - 385,503,954 Ordinary Shares, including 48,912,955 Ordinary Shares represented by 48,912,955 American Depositary Shares outstanding as of March 31, 2008.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer
Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing.

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

Indicate by check mark which financial statement item the registrant has elected to follow: Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

* Not for trading, but only in connection with listed American Depositary Shares, each representing one share of common stock.

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In this annual report

References to we , our and us are to Tata Motors Limited and its consolidated subsidiaries, except as the context otherwise requires;

References to dollar , and US\$ are to the lawful currency of the United States of America, and references to rupees and Rs. are to the lawful currency of India;

References to US GAAP are to accounting principles generally accepted in the United States, and references to Indian GAAP are to accounting principles generally accepted in India;

References to an ADS are to an American Depositary Share, each of which represents one of our Ordinary Shares of Rs. 10/- each, and references to an ADR are to an American Depositary Receipt evidencing one or more ADSs;

References to light commercial vehicles, or LCVs, medium commercial vehicles, or MCVs, and heavy commercial vehicles, or HCVs, refer to vehicles that have gross vehicle weight, or GVW, of up to 7.5 metric tonnes, between 7.5 and 16.2 metric tonnes, and over 16.2 metric tonnes, respectively;

References to passenger cars refer to vehicles that have a seating capacity of up to six persons, excluding the driver, and is further classified into the following market segments: mini-cars which have a length of up to 3,400 mm; compact cars which have a length between 3,401mm and 4,000mm; mid-size cars which have length of between 4,001mm and 4,500mm; executive cars which have a length between 4,501mm and 4,700mm; and premium all-terrain vehicles and luxury performance cars which have a length between 4,701 and 5,000mm, and above 5,001mm, respectively.

References to utility vehicles, or UVs, and multi-purpose vehicles, or MPVs, refer to vehicles that have a seating capacity of seven to twelve persons, excluding the driver, and van-type vehicles that have a seating capacity of seven to twelve persons, excluding the driver, respectively.

Unless otherwise stated, comparative and empirical industry data in this annual report have been derived from published reports of the Society of Indian Automobile Manufacturers, or SIAM;

References to a particular fiscal year, such as fiscal 2008 , are to our fiscal year ended on March 31 of that year;

Figures in tables may not add up to totals due to rounding;

Millimeters or mm are equal to 1/1000 of a meter. A meter is equal to approximately 39.37 inches and a millimeter is equal to approximately 0.039 inch; and

Kilograms or kg are each equal to approximately 2.2 pounds, and metric tonnes are equal to 1,000 kilograms or approximately 2,200 pounds.

Litres are equivalent to 61.02 cubic inches of volume, or approximately 1.057 U.S. quarts of liquid measure.

Revenues refers to Total Revenue net of excise duty unless stated otherwise.

Special Note Regarding Forward-looking Statements

All statements contained in this annual report that are not statements of historical fact constitute forward-looking statements. Generally, these statements can be identified by the use of forward-looking terms such as anticipate, believe, can, could, estimate, expect, intend, may, will and would or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this annual report regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this annual report (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements or other projections. Although we are a reporting company and will have ongoing disclosure obligations under U.S. federal securities laws, we are not undertaking to publicly update or revise any statements in this annual report, whether as a result of new information, future events or otherwise.

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The risks and factors that could cause our actual results, performances and achievements to be materially different from the forward-looking statements set out in Item 3.D and elsewhere in this annual report include, among others:

general political, social and economic conditions, and the competitive environment in India and other markets in which we operate and sell our products;

fluctuations in the currency exchange rate of the rupee to the dollar and other currencies;

accidents and natural disasters;

terms on which we finance our working capital and capital and product development expenditures and investment requirements;

implementation of new projects, including mergers and acquisitions, planned by management;

contractual arrangements with suppliers;

government policies including those specifically regarding the automotive industry, including industrial licensing, environmental regulations, safety regulations, import restrictions and duties, excise duties, sales taxes, value added taxes, product range restrictions, diesel and gasoline prices and road network enhancement projects;

significant movements in the prices of key inputs such as steel, aluminum, rubber and plastics; and

other factors beyond our control.

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PART I

Item 1. Identity of Directors, Senior Management and Advisers.

Not applicable.

Item 2. Offer Statistics and Expected Timetable.

Not applicable.

Item 3. Key Information.

A. Selected Financial Data.

The following table sets forth selected financial data including selected historical financial information as of and for each of the fiscal years ended March 31, 2004, 2005, 2006, 2007 and 2008 in accordance with accounting principles generally accepted in the United States, or US GAAP.

The selected US GAAP consolidated financial data as of March 31, 2007 and 2008 and for each of the fiscal years ended March 31, 2006, 2007 and 2008 are derived from our audited US GAAP consolidated financial statements included in this annual report together with the report of Deloitte Haskins & Sells, independent auditors, who have reported that they carried out their audit in accordance with standards of the Public Company Accounting Oversight Board (United States). The selected US GAAP consolidated financial data as of March 31, 2004, 2005 and 2006 and for the fiscal years ended March 31, 2004 and 2005 are derived from our audited US GAAP consolidated financial statements not included in this annual report.

You should read our selected financial data in conjunction with Item 5 Operating and Financial Review and Prospects .

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	2004	2005	For the year ended March 31,		2008	2008
			2006	2007		(In US
						\$ millions,
						except Share
						and per share
						amounts)
	(in Rs. millions, except share and per share amounts)					
Gross Sales	162,176.6	228,549.4	272,350.8	370,709.1	400,144.0	9,998.6
Less: Excise Duty	23,883.2	31,771.0	35,465.0	46,227.9	47,356.0	1,183.3
Net Sales	138,293.4	196,778.4	236,885.8	324,481.2	352,788.0	8,815.3
Finance revenues	1,402.3	1,608.6	3,728.7	7,043.4	12,442.6	310.9
Total revenues	139,695.7	198,387.0	240,614.5	331,524.6	365,230.6	9,126.2
Cost of sales	108,159.6	156,906.7	189,318.7	263,449.7	287,895.6	7,193.8
Operating Expenses						
Selling, general and administrative	15,276.9	20,144.9	26,586.2	35,623.3	43,731.4	1,092.7
Research and development	1,282.0	2,532.4	4,663.0	6,018.1	9,906.4	247.5
Employee separation compensation	386.3	11.5	4.2	2.6	3.1	0.1
Total operating expenses	16,945.2	22,688.8	31,253.4	41,644.0	53,640.9	1,340.3
Operating income	14,590.9	18,791.5	20,042.4	26,430.9	23,694.1	592.1
Non-operating (expense) income						
Gain on shares issued by subsidiary			86.5	30.4	70.9	1.8
Gain on sale of equity interest in a subsidiary			1,532.1		1,254.7	31.4
Other non-operating income, net	1,773.2	1,821.6	1,882.6	4,745.4	5,104.7	127.6
Interest income	349.6	761.6	662.8	598.3	1,690.8	42.2
Interest expense	(2,684.3)	(2,993.3)	(3,717.8)	(5,413.8)	(10,507.2)	(262.5)
Total non-operating (expense) income	(561.5)	(410.1)	446.2	(39.7)	(2,386.1)	(59.5)
Income before equity in affiliates, minority interest and income taxes	14,029.4	18,381.4	20,488.6	26,391.2	21,308.0	532.6
Income tax expense	(5,264.0)	(5,099.9)	(5,618.3)	(8,113.0)	(5,898.8)	(147.4)
Minority interest, net of tax	(228.9)	(365.7)	(331.1)	(718.5)	(1,148.1)	(28.7)
Equity in net income of affiliates, net of tax	363.4	340.4	471.4	551.9	(55.2)	(1.4)
Net Income	8,899.9	13,256.2	15,010.6	18,111.6	14,205.9	355.1

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Weighted average equity shares outstanding:												
Basic		328,306,904		359,837,353		373,268,040		384,544,205		385,438,663		385,438,663
Diluted		363,123,828		388,849,716		399,310,236		407,166,995		407,167,207		407,167,207
Earnings per share:												
Basic	Rs.	27.1	Rs.	36.8	Rs.	40.2	Rs.	47.1	Rs.	36.9	US \$	0.9
Diluted	Rs.	25.3	Rs.	34.9	Rs.	38.7	Rs.	45.4	Rs.	35.8	US \$	0.9
Cash dividend per Equity Share	Rs.	8.0	Rs.	4.0	Rs.	12.5	Rs.	13.0	Rs.	15.0	US \$	0.4

	2004	2005	As of March 31,		2008	2008	
			2006	2007		(in US\$ millions)	
	(in Rs. millions, except number of shares)						except number of shares)
Balance Sheet Data							
Total Assets	113,875.4	159,245.4	202,158.2	271,015.4	369,279.3	9,227.3	
Long term debt, net of current portion	10,804.1	25,632.7	27,203.3	40,235.1	58,792.8	1469.1	
Total shareholders equity	37,377.6	56,409.2	81,015.8	91,368.9	105,264.1	2,630.3	
Number of Equity shares outstanding	352,958,130	361,751,751	382,834,131	385,373,885	385,503,954	385,503,954	

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For convenience, some of the financial amounts presented in this annual report have been translated from rupee amounts into dollar amounts at the rate of Rs.40.02 = US \$ 1.00, the noon buying rate for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York as on March 31, 2008, the date of our most recent balance sheet included in this annual report. However, such translations do not imply that the rupee amounts have been, could have been or could be converted into dollars at that or any other rate.

The following table sets forth, for the fiscal years ended March 31, 2004, 2005, 2006, 2007 and 2008, information with respect to the exchange rate between the rupee and the dollar (in rupees per dollar) based on the average of the cable transfer buying and selling rupee / dollar exchange rates quoted by the Federal Reserve Bank of New York.

Fiscal year ended March 31,	Period			
	Period End	Average	High	Low
2008	40.02	40.13	43.05	38.48
2007	43.10	45.06	46.83	42.78
2006	44.48	44.17	46.26	43.05
2005	43.62	44.86	46.45	43.27
2004	43.40	45.98	47.46	43.40

The following table sets forth information with respect to the exchange rate between the rupee and the dollar (in rupees per dollar) for the previous six months based on the noon buying rate for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York.

Month	Period			
	Period End	Average	High	Low
Aug 2008	43.25	42.90	43.74	42.01
July 2008	42.47	42.70	43.29	41.10
June 2008	42.93	42.76	42.97	42.38
May 2008	42.15	42.00	42.93	40.45
April 2008	40.45	39.96	40.45	39.73
March 2008	40.02	40.14	40.46	39.76

Source: Federal Reserve Bank of New York

As of September 26, 2008, the rupee / dollar noon buying rate quoted by the Federal Reserve Bank of New York was Rs.46.48 per US\$1.00.

B. Capitalization and Indebtedness.

Not applicable.

C. Reasons for the Offer and Use of Proceeds.

Not applicable.

D. Risk Factors.

This section describes the risks that we currently believe may materially affect our business. The factors below should be considered in connection with any forward-looking statements in this annual report and the cautionary statements on page ii. The risks below are not the only ones we face – some risks may be unknown to us, and some risks that we do not currently believe to be material could later turn out to be material. Although we will be making all reasonable efforts to mitigate or minimize these risks, one or more of a combination of these risks could materially impact our business, revenues, sales, net assets, results of operations, liquidity and capital resources.

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Risk associated with Our Business and the Automotive Industry.

General economic conditions could have a significant adverse impact on our sales and results of operations.

The Indian automotive industry is substantially affected by general economic conditions in India. The demand for automobiles in the Indian market is influenced by factors including the growth rate of the Indian economy, easy availability of credit, increase in disposable income among Indian consumers, interest rates, freight rates and fuel prices. The automotive industry in general is cyclical and economic slowdowns in the past have harmed manufacturing industries including the automobile and automobile components manufacturing industry. There can be no assurance that the Indian economy will not experience a downturn, and weakening of economic activity. Lack of vehicle finance availability, increase in interest rates and/or increases in fuel prices are examples of developments that could lead to a decline in the demand for automobiles in the Indian market as well as impact our costs, which could significantly affect our sales and future results of operations in an adverse manner.

In addition to India, we also have automotive operations in South Korea and recently commenced operations in Thailand. Furthermore, we acquired the Jaguar and Land Rover business, which has operations in over 165 countries, from Ford Motor Company on June 2, 2008. See Recent Developments Acquisition of the Jaguar Land Rover Business for more information. The worldwide automotive industry is affected significantly by general economic conditions, including the cost of purchasing and operating a vehicle and the availability and cost of credit and fuel (among other factors), over which automobile manufacturers have little control. Should industry demand soften beyond our expectations because of slowing or negative economic growth in key markets in which we operate, our results of operations and financial condition could be substantially adversely affected.

Currency and exchange rate fluctuations could adversely affect our results of operations.

We import capital equipment, raw materials and components and also sell our vehicles in various countries outside of India. These transactions are denominated in foreign currencies, primarily the US Dollar and Euro. Moreover, we have outstanding foreign currency denominated debt and hence we are sensitive to fluctuations in foreign currency exchange rates. We have experienced and expect to continue to experience foreign exchange losses and gains on obligations denominated in foreign currencies in respect of our borrowings and foreign currency assets and liabilities due to currency fluctuations. Although we engage in currency hedging in order to decrease our foreign exchange exposure, a weakening of the rupee against the dollar or other major foreign currencies may have an adverse effect on our cost of borrowing and consequently may increase our financing costs, which could have a significant adverse impact on our results of operations.

Additionally, the results of Jaguar Land Rover are impacted by fluctuations in the value of the British Pound against the dollar and other currencies of key countries where Jaguar Land Rover has operations.

Any depreciation in the value of the rupee against the dollar or other major foreign currencies may lead to adverse effects on our financial condition and results of operations during the current fiscal year and in the future periods, partly due to an increase in our non-rupee denominated debt.

Intensifying competition could materially and adversely affect our sales and results of operations.

The Indian automobile industry is highly competitive. We face strong competition in the Indian market from domestic as well as foreign automobile manufacturers. Improving infrastructure and robust growth prospects compared to other mature markets is attracting a number of international companies to India who have either created joint ventures with local partners or have established independently owned operations in India. International competitors bring with them decades of international experience, global scale, advanced technology and significant financial resources. Consequently, domestic competition is likely to further intensify in the future. There can be no assurance that we will be able to implement our future strategies in a way that will mitigate the effects of increased competition in the Indian automotive industry.

As a result of our international growth strategy, we also face significant competition from foreign automobile manufacturers in markets outside of India, in particular for Jaguar Land Rover's line of vehicles. The global automotive industry is intensely competitive and competition is likely to further intensify in light of continuing globalization and consolidation in the worldwide automotive industry. Factors affecting competition include product quality and features, innovation and product development time, ability to control costs, pricing, reliability, safety, fuel economy, customer service and financing terms. There can be no assurance that we will be able to compete successfully in the global automotive industry in the future.

Our future success depends on our ability to satisfy changing customer demands by offering innovative products in a timely manner and maintaining such products' competitiveness.

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In the competitive automotive industry, our competitors can gain significant advantage if they are able to offer products satisfying customer needs earlier than we are able to, which could adversely impact our sales and results of operations. Unanticipated

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delays in implementing the introduction of new products or in expansion plans resulting in delays in capacity enhancements and / or new product launches and cost overruns could adversely impact our results of operations. In addition, there can be no assurance that the market acceptance of our future products will meet our expectations, in which case we could be unable to realize the intended economic benefits of our investments and our results of operations may be adversely affected.

The plant under construction at Singur for manufacture of *Tata Nano* is currently facing opposition due to political disputes over the process followed by the State Government in the acquisition of the land which has been leased to us by the State Government. While the land acquisition has been validated by the Calcutta High Court, the political disputes have persisted. Due to recent disturbances, we have temporarily suspended activities at the Singur site and are exploring alternative options at our existing/new sites.

We are subject to risks associated with product liability, warranty and recall.

We are subject to risks and costs associated with product liability, warranty and recall should we supply defective products, parts, or related after-sales services, which could generate adverse publicity and adversely affect our business, results of operations and financial condition. Such events could also require us to expend considerable resources in correcting these problems and could adversely affect demand for our products.

We are subject to risk associated with our automobile financing business.

We are subject to the risk associated with our automobile financing business. Any defaults by our customers or inability to repay installments as due could adversely affect our business, results of operations and cash flows. In addition, any downgrades in our credit ratings may increase our borrowing costs and restrict our access to the debt markets. Over time, and particularly in the event of any credit rating downgrades, market volatility, market disruption or otherwise, we may need to reduce the amount of receivables we originate, which could adversely affect our ability to support the sale of our vehicles.

Underperformance of our distribution channels and supply chains may adversely affect our sales and results of operations.

Our products are sold and serviced through a network of authorised dealers and service centers across India, and a network of distributors and local dealers in international markets. We monitor the performance of our dealers and distributors and provide them with support to enable them to perform to our expectations. There can be no assurance, however, that our expectations will be met and the under-performance by our dealers or distributors could adversely affect our sales and results of operations.

We rely on third parties to supply us with the raw materials, parts and components used in the manufacture of our products. Furthermore, for some of these parts and components, we are dependent on sole suppliers. Our ability to procure supplies in a cost effective and timely manner is subject to various factors, some of which are not always within our control. While we manage our supply chain as part of our vendor management process, any significant problems with our supply chain in the future could affect our results of operations in an adverse manner.

Increases in input prices may have a material adverse impact on our result of operations.

In fiscal 2006, 2007 and 2008, consumption of raw materials, components and aggregates constituted approximately 79.3%, 78.8% and 77.7%, respectively, of our cost of sales. Prices of commodity items used in manufacturing automobiles, including steel, rubber, copper, and zinc have significantly increased over the last two years. While we have been pursuing cost reduction programs and product price increases to partially offset these input price increases, there can be no assurance that we will be able to recover any future cost increases in commodity products through cost-saving measures elsewhere or that we will be able to sufficiently increase the selling prices of our products, which could materially and adversely impact our sales and results of operations. In addition, because of intense price competition and our high level of fixed costs, we may not be able to adequately address changes in commodity prices even if they are foreseeable. Substantial changes in these prices could have a substantial adverse effect on our financial condition and results of operations.

Additionally, the recent surge in crude oil prices have increased fuel costs, which poses a significant challenge to automobile manufacturers worldwide, including us, especially in commercial vehicle segments where fuel costs represent a significant portion of the operational costs of such vehicles.

The performance of our subsidiaries and affiliates may adversely affect our results of operations.

We have made and may continue to make capital commitments to our subsidiaries and affiliates, and if the business and operations of subsidiaries and affiliates, to whom we make capital commitments, deteriorate, the value of our investments may be adversely affected.

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We are subject to risks associated with growing our business through mergers and acquisitions.

We have, in the past, grown in part through acquisitions such as Tata Daewoo Commercial Vehicle Company Limited, or TDCV. See Recent Developments Acquisition of the Jaguar Land Rover Business . We will continue to evaluate growth opportunities through suitable mergers and acquisitions in the future. Growth through mergers and acquisitions involve business risks, including unforeseen contingent risks or latent business liabilities that may only become apparent after the merger or acquisition is finalized, successful integration and management of the merged/acquired entity with us, retention of key personnel, joint sales and marketing efforts, management of a larger business and diversion of management's attention from other ongoing business concerns. If we are not able to manage these risks successfully, our results of operations could be adversely affected.

We may be adversely affected by labor unrest.

All of our permanent employees, other than officers and managers, in India and most of our permanent employees in South Korea and the United Kingdom, including certain officers and managers, in relation to our automotive business, are members of labor unions and are covered by our wage agreements with those labor unions which have different tenures at different locations. In general, we consider our labor relations with all of our employees to be good. However, we may in the future be subject to labor unrest, which may delay or disrupt our operations in the affected regions, including the acquisition of raw materials and parts, the manufacture, sales and distribution of products and the provision of services. If work stoppages or lock-outs at our facilities or at the facilities of our major vendors occur or continue for a long period of time, our business, financial condition or results of operations may be adversely affected.

Any inability to manage our growing international business may adversely affect our results of operations.

Our growth strategy also relies on the expansion of our operations to other parts of the world, including Europe, Russia and other parts of Asia. The costs involved in entering and establishing ourselves in new markets, and expanding such operations, may be higher than expected, and we may face significant competition in those regions. In addition, our international business is subject to many actual and potential risks, including language barriers, cultural differences and other difficulties in staffing and managing overseas operations, inherent difficulties and delays in contract enforcement and the collection of receivables through the legal systems of some foreign countries, the risk of non-tariff barriers, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide variety of foreign laws and regulations.

If we are unable to manage risks related to our expansion and growth in other parts of the world, our business, results of operations and financial condition could be adversely affected.

We may fail to realize the anticipated benefits of the Jaguar Land Rover acquisition and the acquisition may also expose us to uncertainties and risks, any of which could adversely impact our anticipated benefits from the acquisition and could materially adversely affect our future business performance and financial condition.

We acquired the Jaguar Land Rover business from Ford Motor Company on June 2, 2008. See Recent Developments Acquisition of the Jaguar Land Rover Business .

We believe that the Jaguar Land Rover acquisition represents an important transaction for us, allowing us to participate immediately in the luxury performance car and premium all-terrain vehicle segments, bolster our global market position, provide business diversity, improve our overall competitiveness and enable our sustainable long-term growth plan.

However, the scale, scope and nature of the integration required in connection with the acquisition present significant challenges, and we may be unable to effectively integrate various subsidiaries, divisions and facilities which comprise Jaguar Land Rover on the expected schedule. In particular, the acquisition may not meet our expectations and the realization of the anticipated benefits may be blocked, delayed or reduced as a result of numerous factors, some of which are outside our control. These factors include, among other things:

- difficulties in effectively managing, developing and overseeing the operations of Jaguar Land Rover, including its financial requirements, if any, information systems, policies and procedures;

- unforeseen contingent risks or latent liabilities relating to the acquisition that may become apparent in the future;

difficulties in managing a much larger business; and

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loss of key personnel.

Furthermore, the acquisition may also expose us to uncertainties and risks, including uncertainties and risks associated with:

the cooperation between Jaguar Land Rover and Ford in areas such as engine supplies, design and development and agreed transition services;

the selection of financial services partners to provide financing for Jaguar Land Rover dealers and customers particularly in the United States;

the possible deficit in Jaguar Land Rover's pension plans;

the diversion of financial or other resources from our existing businesses

Any of the above could adversely impact our anticipated benefits from the acquisition and could materially adversely affect our future business performance and financial condition.

We may fail to raise sufficient capital under our Long Term Funding Plans and our proposed repayment of the bridge loan facility may be delayed, any of which could adversely affect our future business performance and financial condition.

As described in more detail in Recent Developments Proposed Repayment of Bridge Financing Facility by Way of Long Term Funding Plans our shareholders have approved our Long Term Funding Plan proposals as presented and reviewed by the Board of Directors.

The execution of our refinancing plan is subject to a variety of uncertainties including, among other things, the amount of capital that other entities may seek to raise in the capital markets, receipt of regulatory or corporate approvals that are necessary, market conditions, foreign exchange movements, and other conditions that may affect investor demand for the Company's securities, the liquidity of the capital markets and the Company's financial condition and results of operations. As a result, the Company may not be able to raise this additional equity on terms or with a structure that is favorable to the Company, if at all.

We cannot assure you that any of the conditions for the Long Term Funding Plans will be satisfied, or that any of the conditions will be satisfied in the timeframe that we expect. If we or any other relevant parties are unable to satisfy any of the conditions for our Long Term Funding Plans or satisfy these conditions in the timeframe that we expect, we may not be able to repay our bridge financing facility in the timeframe that we expect, which could materially adversely affect our future business performance and financial condition.

Political and Regulatory Risks.

India's obligations under the World Trade Organisation Agreement.

India's obligation under its World Trade Organization agreement could lower the present level of tariffs on import of components and vehicles particularly with respect to cars in completely built units and/or completely knocked down units, which could adversely affect, our sales and results of operations.

Environmental, Fiscal and Other Governmental regulations.

As an automobile company, we are subjected to extensive governmental regulations regarding vehicle emission levels, noise, safety and levels of pollutants generated by our production facilities. These regulations are likely to become more stringent and compliance costs may significantly impact our future results of operations. In particular, Jaguar Land Rover has significant operations in the U.S. and Europe which have stringent regulations relating to vehicular emissions. The proposed tightening of vehicle emissions regulations by the European Union will require significant costs of compliance for Jaguar Land Rover. While we are pursuing various technologies in order to meet the required standards in the various countries in which we operate, the costs of compliance with these required standards can be significant to our operations and may adversely impact our results of operations.

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Imposition of any additional taxes and levies by the Indian government designed to limit the use of automobiles could adversely affect the demand for our products and our results of operations.

Changes in corporate and other taxation policies as well as change in export and other incentives given by the Central government and government at state level could also adversely affect our results of operations. Regulations in the areas of investments, taxes and levies may also have an impact on Indian securities, including our shares and ADSs.

We may be adversely impacted by political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages/prices, epidemics and labor strikes.

Our products are exported to a number of geographical markets and we plan to expand our international operations further in the future. Consequently, we are subject to various risks associated with conducting our business outside India and our operations may be subject to political instability within and outside India, wars, terrorism, regional and/or multinational conflicts, natural disasters, fuel shortages, epidemics and labor strikes. Any significant or prolonged disruptions or delays in our operations related to these risks could adversely impact our results of operations.

Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance.

Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and new Securities and Exchange Commission (SEC) regulations, Securities and Exchange Board of India (SEBI) regulations, New York Stock Exchange (NYSE) listing rules and Indian stock market listing regulations, have increased complexity for us. These new or changed laws, regulations and standards may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards.

In connection with our Annual Report on Form 20-F for fiscal 2008, we assessed internal controls over financial reporting, and determined that internal controls were effective. We will undertake assessments of internal controls over financial reporting in connection with each annual report. We are committed to maintaining high standards of corporate governance and public disclosure. However, our efforts to comply with evolving laws, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management resources and time.

Risks associated with Investments in an Indian Company.

Political changes in the Government in India could delay and/or affect the further liberalization of the Indian economy and adversely affect economic conditions in India generally and our business in particular.

Most of our manufacturing and sales and distribution facilities are located in India, and in fiscal 2006, 2007 and 2008, approximately 82.4%, 80.7% and 80.4% respectively, of our revenues were derived from sales within India. Our business, and the market price and liquidity of our ADSs and shares, may be affected by foreign exchange rates and controls, interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Indian Governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the roles of the Indian central and state governments in the Indian economy as producers, consumers and regulators have remained significant. Consequent to an election in April and May 2004, there was a change in government. While the current coalition government has already committed to a common minimum agenda, there can be no assurance that there will not be changes in the economic reform, and specific laws and policies affecting automotive companies, foreign investment, currency exchange and investment regulations governing India's capital markets that could negatively affect us. Uncertainty regarding possible policy changes immediately after elections has in the past resulted in significant volatility in price and trading volumes of securities of Indian companies. A significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally, and our business in particular, if new restrictions on the private sector are introduced or if existing restrictions are increased.

Terrorist attacks, civil disturbances, regional conflicts and other acts of violence, particularly in India, may disrupt or otherwise adversely affect the markets in which we operate, our business and our profitability.

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India has from time to time experienced social and civil unrest and hostilities, including terrorist attacks and riots and armed conflict with neighboring countries. Events of this nature in the future could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our ADSs and shares, and on the market for our vehicles.

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Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, which include regulations applicable to our Board of Directors, and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company incorporated in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions, including the United States. You may have more difficulty in asserting your rights as a shareholder than you would as a shareholder of a corporation organized in another jurisdiction.

The market value of your investment may fluctuate due to the volatility of the Indian securities market.

The Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of their listed securities. The Indian stock exchanges, including the Bombay Stock Exchange Limited (BSE), have experienced problems that, if they continue or recur, could affect the market price and liquidity of the securities of Indian companies, including our shares. These problems in the past included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

There may be a different level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants than in the United States. The Securities and Exchange Board of India (SEBI) received statutory powers in 1992 to assist it in carrying out its responsibility for improving disclosure and other regulatory standards for the Indian securities markets. Subsequently, SEBI has prescribed regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities market. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in the United States.

Investors may have difficulty enforcing judgments against us or our management.

We are a limited liability company incorporated under the laws of India. Substantially all of our directors and executive officers named in this annual report are residents of India and all or substantial portion of our assets and the assets of these directors and executive officers are located in India. As a result, investors may find it difficult to (i) effect service of process upon us or these directors and executive officers in jurisdictions outside of India, (ii) enforce court judgments obtained outside of India, including those based upon the civil liability provisions of the U.S. federal securities laws, against us or these directors and executive officers, (iii) enforce, in an Indian court, court judgments obtained outside of India, including those based upon the civil liability provisions of the U.S. federal securities laws, against us or these directors and executive officers, and (iv) obtain expeditious adjudication of an original action in an Indian court to enforce liabilities, including those based upon the U.S. federal securities laws, against us or these directors and executive officers.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided under Section 13 of the Code of Civil Procedure, 1908, or the Civil Code.

Section 13 and Section 44A of the Civil Code provide that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except (i) where it has not been pronounced by a court of competent jurisdiction, (ii) where it has not been given on the merits of the case, (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where Indian law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where it has been obtained by fraud or (vi) where it sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty.

The United States has not been declared by the Government of India to be a reciprocating territory for the purpose of Section 44A of the Civil Code. Accordingly, a judgment of a court in the United States may be enforced only by a suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign

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judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India (RBI) to execute such a judgment or to repatriate outside India any amount recovered.

Risks associated with our Shares and ADSs.

Fluctuations in the exchange rate between the rupee and the dollar may have a material adverse effect on the market value of the ADSs and the shares, independent of our operating results.

Fluctuations in the exchange rate between the rupee and the dollar will affect, among others things, the dollar equivalents of the price of the shares in rupees as quoted on the Indian stock exchanges and, as a result, may affect the market price of the ADSs. Such fluctuations will also affect the dollar equivalent of any cash dividends in rupees received on the shares represented by the ADSs and the dollar equivalent of the proceeds in rupees of a sale of shares in India.

The exchange rate between the rupee and the dollar has changed substantially in the last two decades and may substantially fluctuate in the future. The value of the rupee against the dollar was Rs.46.48 = US\$ 1.00 as of September 26, 2008.

Holders of ADSs have fewer rights than shareholders and must act through the depositary to exercise those rights.

Although holders of ADSs have a right to receive any dividends declared in respect of shares underlying the ADSs, they cannot exercise voting or other direct rights as a shareholder with respect to the shares underlying the ADSs evidenced by ADRs. Citibank, N.A., as depositary is the registered shareholder of the deposited shares underlying our ADSs, and therefore only Citibank, N.A. can exercise the rights of shareholders in connection with the deposited shares. Only if requested by us, the depositary will notify holders of ADSs of upcoming votes and arrange to deliver our voting materials to holders of ADSs. The depositary will try, in so far as practicable, subject to Indian laws and the provisions of our Articles of Association, to vote or have its agents vote the deposited securities as instructed by the holders of ADSs. If the depositary receives voting instructions in time from a holder of ADSs which fail to specify the manner in which the depositary is to vote the shares underlying such holder's ADSs, such holder will be deemed to have instructed the depositary to vote in favor of the items set forth in such voting instructions. If the depositary has not received timely instructions from a holder of ADSs, the holder shall be deemed to have instructed the depositary to give a discretionary proxy to a person designated by us, subject to the conditions set forth in the deposit agreement. If requested by us, the depositary is required to represent all shares underlying ADSs, regardless whether timely instructions have been received from the holders of such ADSs, for the sole purpose of establishing a quorum at a meeting of shareholders. Additionally, in your capacity as an ADS holder, you will not be able to bring a derivative action, examine our accounting books and records, or exercise appraisal rights. Registered holders of our shares withdrawn from the depositary arrangements will be entitled to vote and exercise other direct shareholder rights in accordance with Indian law. However, a holder may not know about a meeting sufficiently in advance to withdraw the underlying shares in time. Furthermore, a holder of ADSs may not receive voting materials, if we do not instruct the depositary to distribute such materials, or may not receive such voting materials in time to instruct the depositary to vote.

Further, pursuant to Indian regulations, we are required to offer our shareholders pre-emptive rights to subscribe for proportionate number of shares to maintain their existing ownership percentages prior to the issue of new shares. These rights may be waived by a resolution passed by at least 75% of our shareholders present and voting at a general meeting. Holders of ADSs may be unable to exercise pre-emptive rights for subscribing to these new shares unless a registration statement under the Securities Act is effective or an exemption from the registration requirements is available to us. Our decision to file a registration statement would be based on the costs, timing, potential liabilities and the perceived benefits associated with any such registration statement and we do not commit that we would file such a registration statement. If any issue of securities is made to our shareholders in the future, such securities may also be issued to the Depositary, which may sell such securities in the Indian securities market for the benefit of the holders of ADSs. There can be no assurance as to the value, if any, the Depositary would receive upon the sale of these rights/securities. To the extent that holders of ADSs are unable to exercise pre-emptive rights, their proportionate interest in us would be reduced.

As a result of Indian Government regulation of foreign ownership the price of the ADSs could decline.

Foreign ownership of Indian securities is regulated and is partially restricted. In addition, there are restrictions on the deposit of shares into our ADS facilities. ADSs issued by companies in certain emerging markets, including India, may trade at a discount to the underlying equity shares, in part because of the restrictions on foreign ownership of the underlying equity shares and in part because ADSs are sometimes perceived to offer less liquidity than underlying shares which can be traded freely in local markets by both local and international investors. See Item 10.D Exchange Controls . The ADSs could trade at a discount to the market price of the underlying shares.

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Item 4. Information on the Company.**A. History and Development of the Company.**

We were incorporated on September 1, 1945 as a public limited liability company under the Indian Companies Act VII of 1913 as Tata Locomotive and Engineering Company Limited. Our name was changed to Tata Engineering and Locomotive Company Limited on September 24, 1960 and to Tata Motors Limited on July 29, 2003. We commenced operations as a steam locomotive manufacturer. This business was discontinued in 1971. Since 1954, we have been manufacturing automotive vehicles. This business commenced with the manufacture of commercial vehicles under financial and technical collaboration with Daimler-Benz AG (now Daimler AG) of Germany. This agreement ended in 1969. We produced only commercial vehicles until 1991, when we started producing passenger vehicles as well.

We are India's largest automobile manufacturer by revenue, the largest commercial vehicle manufacturer and among the top three passenger vehicle manufacturer in terms of units sold in India during fiscal 2008. We are also the world's fourth largest truck manufacturer and the second largest bus manufacturer in the above 6 ton category. We have a broad portfolio of automotive products, ranging from sub 1 ton to 49 ton gross vehicle weight, or GVW, trucks (including pickup trucks) and from small, medium, and large buses and coaches to passenger cars and utility vehicles.

We have a substantial presence in India. We estimate that more than four million vehicles produced by us are currently being operated in India.

We produce a wide range of automotive products, including:

Passenger Cars. Our passenger cars include the Indica, a compact car, first launched in 1998, the Indigo, a mid-sized car launched in 2002, and the Indigo Marina, a station wagon version of the Indigo, first launched in 2004. These passenger cars are manufactured in gasoline and diesel engine versions. We have expanded our car lines by introducing several variants to suit different customer preferences. For example, the Indica gasoline variant, Xeta, is available also with a dual fuel (petrol and liquified petroleum gas, or LPG) engine. On August 23, 2008 we launched the new generation of the Indica, the Indica Vista.

Utility Vehicles. We manufacture a number of utility vehicles, or UVs, including the Sumo, first launched in 1994, and the sports utility vehicle or SUV, Tata Safari, first launched in 1998. Both the Sumo and the Safari have various variants to meet different consumer preferences. In October 2007, a new Safari DICOR 2.2 VTT range, powered by a new 2.2 L Direct Injection Common Rail (DICOR) engine was launched. In February 2008, we launched the Sumo Grande, an SUV with the comforts of a family car.

Light Commercial Vehicles. We manufacture a variety of light commercial vehicles, or LCVs, including pickup trucks, trucks and buses with GVW of between 0.7 ton and 7.5 tons. This also includes the Ace, India's first indigenously developed mini-truck with a 0.7 ton payload, launched in fiscal 2006, the Magic, a passenger variant for commercial transportation developed on the Ace platform, and the Winger, both of which were launched in fiscal 2008.

Medium and Heavy Commercial Vehicles. We manufacture a variety of medium and heavy commercial vehicles, or M&HCVs, which include trucks, buses, dumpers and multi-axled vehicles with GVW of between 9 tons to 49 tons. In addition, through Tata Daewoo Commercial Vehicle Company Limited, or TDCV, our wholly-owned subsidiary in South Korea, we manufacture a range of high horsepower trucks ranging from 220 horsepower to 400 horsepower, including dump trucks, tractor-trailers, mixers and cargo vehicles.

Jaguar Luxury Performance Cars and Land Rover Premium All-Terrain Vehicles. On June 2, 2008 we acquired the Jaguar Land Rover business from Ford Motor Company and we now produce Jaguar luxury performance cars and Land Rover premium all terrain vehicles through our Jaguar Land Rover business. See Recent Developments Acquisition of the Jaguar Land Rover Business for more details.

In India, our manufacturing base is spread across Jamshedpur (in eastern India), Pune (in western India), Lucknow and Pantnagar (in northern India), supported by a nation-wide dealership, sales, services and spare parts network comprising over 2,000 individual locations. We are in the process of establishing another two facilities, one each at Singur (East) and Dharwad (South). We have a widespread sales and distribution

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network across India with over 1,500 sales outlets for our commercial vehicle and passenger vehicle businesses. See Item 5B Operating and Financial Review and Prospects Recent Developments Capacity Expansion Plans at Singur for more information .

In September 2004, we became the first company from India s engineering sector to be listed on the New York Stock Exchange.

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We have expanded our international operations through mergers and acquisitions and in India we have made strategic alliances involving non-Indian companies.

In 2004, we acquired the Daewoo Commercial Vehicles Company (renamed as Tata Daewoo Commercial Vehicle Company Limited), South Korea's second largest truck maker. TDCV has launched several new products, such as the Tata Novus in M&HCV category.

In fiscal 2005, we acquired a 21% stake in Hispano Carrocera S.A., or Hispano, a well-known Spanish bus and coach manufacturer with an option to acquire the remaining stake. Hispano's operations are being expanded into other markets.

We have also been distributing and marketing Fiat branded cars in India since March 2006. Consequent to signing of a memorandum of understanding in 2006, we concluded an industrial joint venture with Fiat Group Automobiles in December 2007, located at Ranjangaon in Maharashtra to manufacture passenger cars, engines and transmissions for the Indian and overseas markets. Established in April 2008, the plant currently manufactures the Fiat Palio, and the engines and transmissions.

In May 2006, we entered into a joint venture agreement with Brazil-based Marcopolo S.A., or Marcopolo, a global leader in body-building for buses and coaches, to manufacture and assemble fully-built buses and coaches in India, wherein we have a 51% ownership, the balance being held by Marcopolo.

In December 2006, we entered into a joint venture agreement with Thonburi Automotive Assembly Plant Co Ltd., Thailand, or Thonburi, to manufacture pickups in Thailand. We own 70% of the joint venture called Tata Motors (Thailand) Limited, or TMTL, while Thonburi owns the remaining 30%. The joint venture will facilitate our efforts to address the Thailand market, which is a major market for pickup trucks, and other potential markets in that region. While TMTL has begun setting up operations in the FY 2007-08, the manufacturing of vehicles began only during March 08.

In June 2008 we acquired the Jaguar Land Rover business from Ford Motor Company which consisted of three major vehicle manufacturing plants, two advanced design centres, 26 national sales companies, intellectual property rights, perpetual royalty free licenses and a minimum capital allowance of approximately US\$ 1.1 billion See Recent Developments Acquisition of the Jaguar Land Rover Business for more details.

We are also expanding our international export operations, which have been ongoing since 1961. Our commercial and passenger vehicles are being marketed in several countries in Europe, Africa, the Middle East, Australia, South East Asia and South Asia. During fiscal 2008, Tata Motors (SA) Proprietary Limited (TMSA), a joint venture company in which we hold 60% with the remaining 40% being held by Tata Africa Holdings (SA) (Pty.) Limited, was formed for the manufacture and assembly operations of our LCVs and passenger cars in South Africa. TMSA has not yet started operations.

We believe that the foundation of our growth over the last 50 years has been a deep understanding of economic stimuli and customer needs, and the ability to translate them into customer desired products through leading edge research and development. Our Engineering Research Centre, established in 1966, has enabled us to successfully design, develop and produce our own range of vehicles, as well as a significant portion of our production facilities, assembly lines and machinery. In addition, we established a wholly-owned subsidiary under the name Tata Motors European Technical Centre PLC, or TMETC, in the United Kingdom, in the field of automobile research. We believe this research center will also facilitate the development of our products, in particular, our passenger cars.

Through our subsidiary and associate companies, we are engaged in engineering and automotive solutions, construction equipment manufacturing, automotive vehicle components manufacturing and supply chain activities, machine tools and factory automation solutions, high-precision tooling and plastic and electronic components for automotive and computer applications, and automotive retailing and service operations.

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Tata Technologies Limited, or TTL, our 82.83% owned subsidiary, provides through its operating companies, INCAT and Tata Technologies iKS, specialized engineering & design services, product lifecycle management and product-centric IT services to leading global manufacturers. TTL's customers are among the world's premier automotive, aerospace and consumer durable manufacturers. TTL had 13 subsidiary companies as at March 31, 2008. A few of these subsidiaries are being wound-up, liquidated or merged as also various restructuring initiatives are being taken with the objective of bringing in operating efficiencies by sharpening focus on its services and product business, fixing territorial responsibility for top and bottom line growth and establishing a global delivery centre supporting the overall business. The consolidated revenue for TTL was Rs. 9,071 million in fiscal 2008, an increase of 11.9% from Rs. 8,107 million in fiscal 2007, due to augmented relationships with existing global automotive and aerospace customers and the acquisition of new customers.

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Telco Construction Equipment Company Ltd, or Telcon, is engaged in the business of manufacturing and sale of construction equipment and providing related supporting services. We own 60% of Telcon, with the remaining 40% being held by Hitachi Construction Machinery Company Limited, (HCM) Japan. In April 2008, Telcon acquired two Spanish Companies, namely Serviplem S.A and Comoplesa Lebrero S.A by acquiring 79% and 60% shares of the respective companies. These acquisitions are expected to further strengthen the company's product capabilities.

TML Distribution Company Limited or TDCL, our wholly-owned subsidiary, was incorporated on March 28, 2008. TDCL will be engaged in the business of dealing and providing logistics support for distribution of our products throughout India. TDCL has commenced operations from August 2008.

Our subsidiary Tata AutoComp Systems Limited, or TACO, is a holding company for promoting foreign joint ventures in automotive components and systems and is also engaged in engineering services, supply chain management and after-market operations. TACO's customers include leading domestic original equipment manufacturers and certain global original equipment manufacturers and suppliers. In June 2008, we sold 24% of our equity interest in TACO to Tata Capital, a company promoted by Tata Sons. Consequent to this sale, the company's holding in TACO has been reduced to 26%.

Our wholly-owned subsidiary, Tata Motors Finance Limited, or TMFL, was incorporated on June 1, 2006 with the objective of becoming a preferred financing provider for our dealer's customers by capturing customer spending over the vehicle life-cycle and by extending value added products, related to vehicles sold by us. TMFL is registered with the RBI as a Systemically Important Non-Deposit Taking Non-Banking Financial Company and is classified as an Asset Finance Company under the RBI's regulation on Non-Banking Finance Companies. For the year ended March 31, 2008, TMFL made disbursements of approximately Rs.76,160 million.

Our wholly-owned subsidiary, Tata Motors Insurance Services Limited, now known as Tata Motors Insurance Broking and Advisory Services Limited, or TMIBASL, undertakes the business of insurance and reinsurance broking. TMIBASL has received in May 2008 requisite approval from the Insurance Regulatory and Development Authority in India to commence this business.

As of March 31, 2008, our operations included 41 consolidated subsidiaries and 20 equity method affiliates, in respect of which we exercise significant influence.

Tata Incorporated serves as our authorized United States representative. The address of Tata Incorporated is 3 Park Avenue, 27th Floor, New York, NY 10016, United States of America.

Our Registered Office is located at Bombay House, 24, Homi Mody Street, Mumbai 400 001, India and our telephone number is +91-22-6665-8282 and our website address is www.tatamotors.com. Our website does not constitute a part of this annual report.

B. Business Overview.

Our business segments are (i) automotive operations and (ii) all other operations. Our automotive operations business segment includes the design, manufacture, assembly, sale and service of commercial and passenger vehicles, spare parts, components and accessories as well as financing our vehicles. Our other operations business segment includes information technology, or IT services, construction equipment manufacturing, machine tools and factory automation solutions, high-precision tooling and plastic and electronic components for certain applications and investment business.

We sold 589,428 and 597,148 vehicles in fiscal 2007 and 2008 respectively. Out of this, 526,806 and 530,547 units were sold in India in fiscal 2007 and 2008 respectively. Our share in the Indian four-wheeler automotive vehicle market (i.e., automobile vehicles other than two and three wheeler categories) declined from 28.6% in fiscal 2007 to 26.1% in fiscal 2008 mainly on account of a mature product portfolio in passenger vehicles, availability constraints in some parts/components in commercial vehicles during the early part of the year, and loss of market share in the M&HCV passenger carrier segment due to bunching of competitive orders in the first half of the year. The following table sets forth our market share in various categories in the Indian market:

Category	Fiscal 2006	Fiscal 2007	Fiscal 2008
Passenger Cars	17.2%	16.7%	14.1%
Utility Vehicles	19.6%	22.1%	20.0%

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Light Commercial Vehicles	60.1%	65.4%	64.3%
Medium and Heavy Commercial Vehicles	62.0%	62.9%	61.3%
Total Four - Wheel Vehicles	27.1%	28.6%	26.1%

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A geographical breakdown of our revenues is set forth in Item 5.A Operating Results Geographical breakdown .

We had approximately 36,364 permanent employees, including approximately 13,134 permanent employees at our consolidated subsidiaries, as of March 31, 2008.

The Indian Automotive Market

India's 50-year old automotive industry has a prominent place in the Indian economy. With its integral relationship to several key segments of the Indian economy, the Indian automobile industry affects many of its other important sectors and is one of the main drivers of India's economic growth. The Indian auto industry is one of the largest industrial sectors in India, with a turnover that contributes to roughly 5% of India's gross domestic product. The Indian automobile industry contributes nearly 17% to total indirect taxes and provides direct and indirect employment to over two million and ten million people respectively.

Until the mid-1990s, the auto sector in India had been a relatively protected industry with limits on the entry of foreign companies through import tariffs. Today, as part of a broader move to liberalize its economy, India has opened up the sector to foreign direct investments and has since progressively relaxed trade barriers. Since the liberalization of the Indian auto sector the industry has experienced rapid development. Today, India is the world's second largest manufacturer of two wheelers, fifth largest manufacturer of commercial vehicles and the largest manufacturer of tractors in the world. India is also among a few countries in the world that have indigenously developed a passenger car and also world's least expensive small car.

The Society of Indian Automobile Manufacturers, or SIAM, currently represents 38 leading vehicle and vehicular engine manufacturers. India's auto market is one of the most competitive among the global markets, as comparatively lower costs have made it an attractive assembly ground for overseas manufacturers.

During fiscal 2008, the Indian automobile industry production declined by 2.3% following a growth of 13.9% in fiscal 2007. Of the nearly 10.8 million vehicles produced, nearly 74% were two wheelers and 4.6% were three wheelers. 1.8 million passenger vehicles, utility vehicles and multi purpose vans were produced in fiscal 2008, representing about 16.2% of vehicles produced. In addition, nearly 0.55 million commercial vehicles were manufactured, constituting about 5% of total vehicle production. Presently, car penetration in India is low at an estimated 7 cars per 1,000 persons, and that number is expected to increase in coming years.

During fiscal 2008, nearly 9.6 million automobiles were sold in India, a decline of 4.7% over the previous fiscal year, and over 1.2 million automobiles were exported from India, an increase of 22.4% over the previous fiscal. In fiscal 2008, the automobile demand was impacted by lack of finance availability, high interest rates, low consumer confidence and low economic growth. Additionally rising input costs and retail incentives put pressure on industry margins.

Domestic passenger vehicle sales surpassed last year's all time high of with sales of over 1.5 million units in fiscal 2008. The growth of 11.3% was driven by launch of new products and interventions in existing products. The segment was favorably impacted by a reduction of the excise duty on small cars in March 2008 (from 16% to 12% for cars of up to 4 meters in length and with engine displacement of less than 1200cc for gasoline and 1500cc for diesel engines). Total passenger vehicle exports were over 216, 138 units, a growth of 9.6% over the previous fiscal year.

With a sale of 0.49 million units, the domestic commercial vehicle sales also crossed last year's all-time high sales of over 0.46 million units, albeit representing a moderate growth rate of 6.9% from fiscal 2007. This moderation in growth is attributable to a combination of macro economic factors and structural factors such as high interest rates, availability of finance, rise in fuel prices.

Our Strategy

We believe that we have established a strong position in the Indian automobile industry by launching new products, investing in research and development and maintaining our financial strength. We have also benefited from the expansion of our manufacturing and distribution network. Our goal is to continue to strengthen our position in the domestic market, maintain our operational excellence and grow our international business in select countries through organic as well as inorganic means. Our strategy to achieve these goals consists of the following elements:

Leveraging our capabilities: We have an extensive range of products in commercial vehicles (for both goods and passenger transport) as well as passenger vehicles. We have plans to leverage this broad product base further with our strong brand recognition in India, our understanding of local consumer preferences, well developed in-house engineering capabilities and extensive distribution network.

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We believe that our in-house research and development capabilities, our subsidiary TDCV in South Korea, our association with Hispano in Spain, our joint ventures with Marcopolo of Brazil in India and with Thonburi in Thailand, our relationship with Fiat and our most recent acquisition of the Jaguar Land Rover business will enable us to expand our product range and extend our geographical reach. For example, we launched the Ace, the first sub one-ton payload mini-truck in India, in May 2005, which has created a new category in the Indian commercial vehicle industry and we rolled out the 100,000th Ace in a record time of 22 months since its launch. In fiscal 2008 we launched the Magic, a passenger variant from the same platform, to tap into the potential increase in mass passenger transport in both rural and urban regions. We also launched the Winger, India's only maxi-van, to cater to the intra-city and long-distance transportation needs of our customers.

In passenger vehicles, we entered the compact car segment with the Indica in 1998. We sold approximately 100,000 units of Indica within 25 months of its launch in the market. On the same platform, we developed a sedan version, the Indigo, which was launched in 2002. We also launched an estate version in 2004. In 2006, we expanded the Tata Indigo range by launching the Tata Indigo XL, the country's first stretched sedan concept. In 2008 we also introduced the Indigo XL Classic variant and the Indigo CS (Compact Sedan). We have also developed the Nano, a low cost car and we believe that there will be significant demand for this vehicle in the Indian market. In August 2008, we launched the new generation of the Indica, the Indica Vista.

The recent acquisition of Jaguar Land Rover has given us the opportunity to participate immediately in the luxury performance car and premium all-terrain vehicle segments with globally recognized brands and has diversified our business across markets and product segments. We will continue to seek to build upon the internationally recognized brands of Jaguar Land Rover.

We intend to expand our production capabilities in existing facilities and establish new facilities. We also intend to expand the reach of our sales and service network in order to meet our growing product lines of commercial and passenger vehicles.

Mitigating cyclical: The automobile industry is impacted by cyclical which is more pronounced in the M&HCV truck category. To mitigate the impact of cyclical, we plan to continue to strengthen our operations in the light commercial vehicle, bus and passenger vehicle categories. We also plan to continue to strengthen our non-vehicle business, such as spare part sales, annual maintenance contracts, sales of aggregates for non-vehicle businesses, reconditioning of aggregates, sale of castings, production aids and tooling and fixtures to reduce the impact of cyclical.

Expanding our international business: We believe that expanding our operations into other select geographic areas, both through organic and inorganic means, may also reduce the impact of cyclical in the Indian market as the cyclical of these markets may not coincide with the cyclical of the Indian market. This strategy also provides us an opportunity to grow in markets with similar characteristics to the Indian market. Our international business strategy has already resulted in the continuous growth of our international operations over the previous three fiscal years. For example, we have consolidated our position in the Ukraine to become the largest competitor in the light bus market under seven meters and the second largest competitor in the seven ton GVW light truck segment, in terms of unit sales. TDCV continues to be the largest exporter of heavy commercial vehicles out of South Korea. Additionally our acquisition of Jaguar Land Rover would also significantly expand our geographical presence. While we continue to export out of India and South Korea into many of these markets, we are also establishing a manufacturing footprint where it is beneficial to do so. We have established a Subsidiary along with Thonburi in Thailand to manufacture pickup trucks and have also received approval from the Thailand government for the Eco-car project. We are also assessing the establishment of a manufacturing operation at South Africa, which is our largest export market in terms of unit volume.

Reducing costs and breakeven points: We believe that our scale of operations provides us with a significant advantage in reducing costs and we plan to continue to sustain and enhance our cost advantage. While we believe that our commercial vehicle business has scale that is competitive in relation to global standards, with the launch of the Tata Nano, we will be able to benefit from global economies of scale in the passenger vehicle business as well.

Our ability to leverage our technology capabilities and our manufacturing facilities among our commercial vehicle and passenger vehicle businesses enables us to reduce cost. For example, the diesel engine used in our Indica was modified for use in the Ace, which helped to reduce the project cost of the Ace. Similarly, platform sharing for the manufacture of pickup trucks and UVs enables us to reduce capital investment that would otherwise be required while allowing us to improve the utilization levels at our manufacturing facilities. Where it is advantageous for us to do so, we intend to add our existing low cost engineering and sourcing capability to vehicles manufactured under the Jaguar Land Rover umbrella.

Our vendor relationships also contribute to our cost reductions. For example, we believe that the vendor rationalization program that we are undertaking will provide economies of scale to our vendors which would benefit our cost programs. We are also undertaking various internal and external benchmarking exercises that would enable us to improve the cost effectiveness of our components, systems and sub-systems.

Continuing focus on high quality and enhancing customer satisfaction: One of our principal goals is to achieve international quality standards for our products and services and we are pursuing various quality improvement programs, both internally and at our suppliers' premises. We have established a procedure for ensuring quality control of outsourced components. Products purchased from approved sources undergo a supplier quality improvement process. We also have a program for assisting vendors from whom we purchase raw materials or components to maintain quality. Each vendor is reviewed on a quarterly basis on parameters of

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quality, cost and delivery. Preference is given to vendors with QS-9000 certification. We also maintain a stringent quality assurance program that includes random testing of production samples, frequent re-calibration of production equipment and analysis of post-production vehicle performance and ongoing dialogue with workers to reduce production errors.

Our extensive sales and service network has also enabled us to provide quality and timely customer service. We are in advanced stages of deploying a Siebel customer relations management system at all dealerships and offices across India, which we believe will help to improve our responsiveness to market and customer service needs.

Enhancing capabilities through the adoption of superior processes: Tata Sons Limited, or Tata Sons, and the entities promoted by Tata Sons, including us, aim at improving the quality of life through leadership in various sectors of national economic significance. In pursuit of this goal, Tata Sons and the Tata Sons promoted entities have institutionalized an approach, called the Tata Business Excellence Model or TBEM, which has been formulated on the lines of the Malcolm Baldrige National Quality Award to enable it to drive performance and attain higher levels of efficiency both in its businesses and in discharging its social responsibility. The model aims to nurture core values and concepts embodied in various focus areas such as leadership, strategic planning, customers, markets and human resources to be translated to operational performance. Our adoption and implementation of this model seeks to ensure that our business can be conducted through superior processes in the future.

We have deployed a balance score card (BSC) management system, developed by Dr. Robert Kaplan and Dr. David Norton of the Harvard Business School for measurement based management and feedback. We have also deployed a new product introduction (NPI) process for systematic product development and product lifecycle management system for effective product data management across our organization. On the human resources front, we have adopted various processes to enhance the skills and competencies of our employees. We have also enhanced our performance management system, with appropriate mechanisms to recognize talent and sustain our leadership base. We believe these will enhance our way of doing business, given the dynamic and demanding global business environment.

Customer financing: With financing increasingly becoming a critical factor in vehicle purchases and the rising aspirations of consumers in India, we intend to significantly expand our vehicle financing activities to enhance our vehicle sales. Further, with the lack of sufficient finance availability to vehicles currently in the Indian market, our captive finance business is expected to play a significant role to fill the gap created by other banks and Non Banking Financial Companies while we will continue to focus on expanding our vehicle financing activities through our 100% subsidiary, Tata Motors Finance Limited, or TMFL.

Continuing to invest in technology and technical skills: We believe we are one of the most technologically advanced indigenous vehicle manufacturers in India. Over the years, we have enhanced our technological strengths through extensive internal research and development activities. Our research and development resources, which include those at our subsidiaries, like TMETC, TDCV, TTL and Hispano together with the two advanced engineering and design centers of Jaguar Land Rover we recently acquired, further increase our capabilities in product design, manufacturing and quality control. See [Recent Developments Acquisition of the Jaguar Land Rover Business](#) for more details. We consider technological leadership to be a significant factor in continued success, and therefore intend to continue to devote significant resources to upgrade our technological base.

Maintaining financial strength: Our cash flow from operating activities in fiscal 2006, 2007 and 2008 was Rs. 5,666 million, Rs.17,498 million and Rs.35,484 million respectively. The improved position in our operating cash flows is primarily a result of volume growth, implementation of cost reduction programs, and prudent working capital management. We have established processes for project evaluation and capital investment decisions with an objective to enhance our long term profitability.

Leveraging unified Tata brand equity: We believe the Tata brand name is associated by Indian customers with reliability, trust and value and is gaining significant international recognition due to the international growth strategies of various Tata Sons promoted entities. The Tata brand is used and its benefits are leveraged by Tata Companies to their mutual advantage. We recognize the need for enhancing our brand recognition in highly competitive markets in which we compete with internationally recognized brands. We, along with Tata Sons and other Tata Companies, will continue to promote the Tata brand and leverage its use in India, as well as in various international markets where we plan to increase our presence.

Automotive Operations

The revenues from our automotive operations were Rs.307,113 million and Rs.331,967 million in fiscal 2007 and 2008, respectively. Our main market is the Indian market, which accounted for 89.4% and 88.8% of our total unit sales in fiscal 2007 and 2008, respectively.

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Our total sales (including international business sales) for fiscal 2006, 2007 and 2008 are set forth in the table below:

Category	Fiscal 2006		Fiscal 2007		Fiscal 2008	
	Units	%	Units	%	Units	%
Passenger Cars	169,310	36.8%	196,733	33.4%	182,292	30.5%
Utility Vehicles	39,797	8.7%	49,308	8.4%	50,129	8.4%
Light Commercial Vehicles	108,020	23.5%	149,242	25.3%	173,409	29.1%
Medium and Heavy Commercial Vehicles	142,736	31.0%	194,145	32.9%	191,318	32.0%
Total	459,863	100.0%	589,428	100.0%	597,148	100.0%

Our performance in various categories of the Indian market is described below:

Passenger cars: Amidst moderation in economic growth, a high interest rate regime and tightening of liquidity, the passenger car industry grew by 11.9% in the fiscal 2008, led mainly by new product launches and product interventions in existing products.

The small car category, which consists of mini and compact cars, constitutes nearly 60% of total domestic passenger car sales in India. In fiscal 2008, the industry sales of the mini car category declined 12.2% to 69,553 units, due to lack of new product launches. The compact car category grew 14.0% to 859,917 units in fiscal 2008, as compared to 754,336 units in fiscal 2007, driven by new product launches. The Indica, which faced a challenging environment in fiscal 2008 primarily on account of new product launches by our competitors, posted a decline of 6.4% in sales to 135,425 units in fiscal 2008. During fiscal 2008, we also expanded the Indica range by introducing a new variant with dual airbags and ABS (Anti-lock Braking System) and added a DICOR (Direct Injection Common Rail) diesel engine variant. The Indica's market share declined from 17.4% in fiscal 2007 to 14.6% in fiscal 2008 in the small car category. Despite the challenging environment in fiscal 2008, the Indica held its position as the second best seller in the industry and continues to stand out among the Most Trusted Brands in the annual survey by a prestigious business daily in India. On August 23, 2008, we launched the next generation Indica, the Indica Vista. The new generation car has completely new interiors and a contemporary body with improved interior space and comfort. The Vista is powered by a range of internationally acclaimed powertrains - the new 75 bhp 1.3L Quadrajet Common Rail Diesel engine and the 65bhp, 1.2L CVCP Safire MPFI petrol engine. We believe the Vista would enable us to regain our market position in the small car category.

We are also present in the entry mid-size car category through our sedan, the Indigo, and its station wagon version, the Indigo Marina, which are both derived from the Indica platform. The entry mid-size car category which has witnessed declining volume growth in the last two fiscal years, grew by 10.2% in fiscal 2008, aided by new product launches. With sales of 31,409 vehicles, the Indigo range continued to be the best seller in the entry mid-size car category in its sixth year of launch with a market share of 32.4% in fiscal 2008. During the year, we introduced the Indigo XL Classic variant and the Indigo CS, a sub-4 meter sedan that has the foot print and price point of a hatchback (owing to the lower excise duty) and the appeal of the sedan.

We marked the roll out of the one-millionth passenger car off the Indica platform at our car plant in Pune, in its ninth year since the commencement of production in January 1999.

We have also been distributing Fiat branded cars through the Tata-Fiat dealer network since March 2006. During fiscal 2008, we sold 3,248 Fiat cars. The joint dealer network has also been expanded from 44 in fiscal 2007 to 65 as of March 2008.

Utility Vehicles: We sold 47,530 units in our UV category in the Indian domestic market in fiscal 2008, a decline 0.8% as compared to 47,892 units sold in fiscal 2007. During fiscal 2008, we expanded our offering in this category by launching a new 2.2L Safari DICOR, Sumo Victa DI and the Sumo Grande. In fiscal 2008, the new and improved Safari DICOR enabled the brand to achieve its highest ever sale in fiscal 2008. Our overall market share in the utility vehicle category stood at 20.0% for fiscal 2008, a decline of 2.1% from fiscal 2007.

Light Commercial Vehicles (including pick-ups): Our range of LCVs includes small commercial vehicles, pickup trucks, trucks and commercial passenger carriers up to 7.5 GVW. During fiscal 2008 we introduced two new products: (i) Magic, based on the Ace platform, and (ii) Winger, India's only maxi-van. We believe that the Magic and the Winger have great potential in the commercial passenger transportation market in India. In the LCV segment, we recorded a 17.2% growth to 147,316 units sold in the Indian domestic market in fiscal 2008, compared to 125,744 units in fiscal 2007. The growth in the LCV segment in fiscal 2008 was mainly led by the sales of the Ace and the new commercial passenger carriers Winger and Magic. In fiscal 2008, we unveiled the 1-ton and Compressed Natural Gas or CNG variant of the Ace, the Tata Cargo Panel Van, Xenon XT, a lifestyle pickup truck, and the Tata Winger Executive, an office concept vehicle, at the Auto Expo 2008 in India.

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and commenced production of the Ace at our new manufacturing facility at Uttarakhand, India. Our market share in the LCV category was 65.4% and 64.3% in fiscal 2007 and fiscal 2008 respectively, including sales of the Ace, Magic and Winger.

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Medium and Heavy Commercial Vehicles: Our M&HCVs have a wide range of applications and are generally configured as trucks, tippers, buses, tankers, tractors or concrete mixers. Our market share in M&HCV category was 62.9% and 61.3% in fiscal 2007 and 2008 respectively. Our domestic sales in the M&HCV segment experienced a decline of 4.2% to 165,619 units in fiscal 2008 as compared to 172,842 units in fiscal 2007. The decline in domestic sales in fiscal 2008 was partially due to a levelling off of the one-time surge in demand we experienced in the M&HCV segment in fiscal 2007, triggered by strict enforcement of overloading restrictions. Our performance in the M&HCV segment during fiscal 2008 was also affected by the lack of availability of vehicle finance from outside sources and constraints that we experienced in the earlier part of the year in our components and aggregates supply chain.

We revamped our M&HCV portfolio during fiscal 2008 and introduced a wide range of new products such as multi-axle and heavy duty trucks, tractor trailers and fully built solutions in the second half of the year. We also secured a prestigious order from the Delhi Transport Corporation for 500 low-floor CNG propelled buses, the supply of which commenced during fiscal 2008.

Sales and Distribution of Vehicles:

Our sales and distribution network in India as of March 2008 comprised over 1,500 sales outlets for our passenger and commercial vehicle business. In line with our growth strategy, we formed a 100% subsidiary, TML Distribution Company, or TMLD, to act as a dedicated logistics management company to support the sales and distribution operations of our vehicles in India. We believe this will improve the efficiency of our selling and distribution operations and processes.

TMLD will take over and/or set up stocking points for both commercial vehicles and passenger vehicles, in the places of manufacture and also at different places throughout India. TMLD will help improve planning, inventory management, transport management and on-time delivery. As a focused entity, we believe it will make delivery and inventory management more efficient.

Additionally, we are in advanced stages of deploying a Siebel customer relations management system at all dealerships and offices across the country, which we believe is one of the largest deployments of that system in the Indian automotive sector. Being implemented in phases since 2003, the combined online customer relations management system initiative supports users both within the Company and among our distributors in India and abroad.

Through our vehicle financing division and wholly owned subsidiary, Tata Motors Finance Limited, or TMFL we also provide financing services to purchasers of our vehicles through our independent dealers, who act as our agents, and through our branch network. During fiscal 2007 and 2008, approximately 31% and 34%, respectively, of our vehicle unit sales in India were made through financing arrangements where our captive vehicle financing divisions provided the credit. Total vehicle finance receivables outstanding as at March 31, 2007 and 2008 amounted to Rs.83,588 million and Rs.76,325 million, respectively.

We use a network of service centers on highways and a toll-free customer assistance center to provide 24-hour on-road maintenance (including replacement of parts) to vehicle owners. We believe that the reach of our sales, service and maintenance network provides us with a significant advantage over our competitors.

We also market our commercial and passenger vehicles in several countries in Europe, Africa, the Middle East, Australia, South East Asia and South Asia.

Competition:

We face competition from various domestic and foreign automotive manufacturers in the Indian automotive market. Improving infrastructure and robust growth prospects compared to other mature markets is now attracting a number of international companies to India who have either created joint-ventures with local partners or have established independently owned operations in India. Global competitors bring with them decades of international experience, global scale, advanced technology and significant financial resources. Hence competition is likely to further intensify in the future.

We have designed our products to suit the specific requirements of the Indian market based on specific customer needs such as safety, driving comfort, fuel efficiency and durability. We believe that our vehicles are suited to the general conditions of Indian roads, local climate and they comply with applicable environmental regulations currently in effect. We also offer a wide range of optional configurations to meet the specific needs of our customers. We intend to strengthen our product portfolio in order to meet the increasing customer expectation of owning world class products.

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Seasonality:

Demand for our vehicles in the Indian market is subject to seasonal variations. Demand generally peaks between January and March, although there is a decrease in demand in February just before release of the Indian Fiscal Budget. Demand is usually lean from April to July and picks up again in the festival season from September onwards with a decline in December due to year end.

Exports:

We are expanding our export operations, which have been ongoing since 1961. Our exports of vehicles manufactured in India increased by 2.2% in fiscal 2008 to 54,648 units from 53,474 units in fiscal 2007. We market our commercial and passenger vehicles in several countries in Europe, Africa, the Middle East, Australia, South East Asia and South Asia.

In fiscal 2008, our top five export destinations from India -South Africa, Sri Lanka, Nepal, Ukraine and Turkey, accounted for approximately 60% and 84% of our exports of commercial vehicles and passenger vehicle units respectively. Our exports to South Africa were adversely impacted during fiscal 2008 due to adverse changes in the macro economic factors in that market. Even so, South Africa remains our largest export market, with about 14.5% share of our total export units. Other key markets were the Middle East, western Africa and western Europe. We are strengthening our position in the geographic areas we are currently operating in and exploring possibilities of entering new markets with similar market characteristics to the Indian market.

We have a network of distributors in almost all of the countries where we export our vehicles, who work with us in appointing a local dealer for sales and servicing our product in various regions. We have also stationed overseas resident sales and service representatives in various countries to oversee our operations in their respective territories.

Tata Daewoo Commercial Vehicle Co. Ltd., Korea: TDCV recorded 38.6% growth in its overall vehicle sales to 11,899 units in fiscal 2008 from 8,588 units in the previous fiscal year, before inter-segmental elimination. In South Korea, TDCV registered a market share of 33.5% in the M&HCV category, a gain of 740 basis points from 26.1% in fiscal 2007. TDCV exported 3,312 units including CKDs in fiscal 2008, representing a growth of 14% compared to fiscal 2007.

In the South Korean market, TDCV uses Daewoo Motor Sales Corporation's distribution network, the largest in South Korea. After-sales service is made available through 68 service centers and over 110 parts outlets. Exports are carried out through TDCV's own international distribution channel.

The management initiatives and business processes of Tata Sons and the Tata Sons promoted entities have also been implemented at TDCV. Relations between the management and the labor union of TDCV continue to be cordial.

Hispano Carrocera, S.A. Spain: We believe that our subsidiary Hispano, with its design and development capabilities in manufacturing bodies for high-end buses, will complement our current range of light and medium commercial passenger carriers. We believe that this investment will also help to increase our presence in the international bus market. We own the brand rights of Hispano. Hispano reported sale of 259 units in fiscal 2008. The volume decline from 560 units in fiscal 2007 was mainly on account of general economic downturn which has resulted in a slow-down of the bus market and increasing competition from original equipment manufacturers, or OEMs.

Research and Development:

Our research and development activities focus on product development, environmental technologies and vehicle safety through our Engineering Research Centre, or ERC, established in 1966, which is one of the few government recognized in-house automotive research and development centers in India.

During fiscal 2006, we established our wholly-owned subsidiary, TMETC, in the United Kingdom to augment the abilities of our Engineering Research Centre. We believe that TMETC provides us with access to leading-edge technologies and supports the product development activities which we currently plan to undertake for the future in order to sustain and enhance our position in the increasingly competitive global markets.

One of the most significant achievements of our ERC has been the design and development of our compact car the Indica, which is India's only indigenously developed compact car. ERC also designed our mid-size car the Indigo, which was launched in 2002 and has been the market leader in the entry mid-size market category in India. We have also developed the Tata Nano, an affordable family car, which was unveiled at the Auto Expo 2008 in New Delhi and at the Geneva Motor Show. We believe that there will be significant demand for the Nano in the Indian market.

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Our acquisition of TDCV provided us with a significant advantage in the development process of our planned World Truck , which will be a sophisticated and contemporary M&HCV with performance standards akin to those in developed markets.

In addition, our research and development activities also focus on developing vehicles running on alternative fuels, including CNG, liquefied petroleum gas, bio-diesel and compressed air and electric cars. We currently have over 40 staff buses running

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on bio-diesel at one of our manufacturing plants. We are pursuing alternative fuel options such as ethanol blending for our products and development of vehicles fuelled by hydrogen. Initiatives in the area of vehicle electronics such as engine management systems, in-vehicle network architecture, telematics for communication and tracking and other emerging technological areas are also being pursued and which could possibly be deployed on our future range of vehicles.

We are also widening the scope of our research and development activities from in-house product and technology development to managing the research and development process across various internal and external agencies, including our research and development centers in South Korea, Spain and the United Kingdom, as well as at various aggregate parts suppliers and outsourcing partners.

We have a modern crash test facility for testing our new products for passenger safety. We have a pedestrian safety testing facility, a pendulum impact test facility and a bus rollover test facility to ensure compliance to various safety norms. We also have a hemi-anechoic chamber testing facility for developing vehicles with lower noise and vibration levels and an engine emissions testing facility to develop products meeting international standards.

Our product design and development center is equipped with computer-aided design, manufacture and engineering tools, with sophisticated hardware, software, and other information technology infrastructure, designed to create a digital product development environment and virtual testing and validation, resulting in faster product development cycle-time and data management. Rapid prototype development systems, testing cycle simulators, advanced emission test laboratories and styling studios are also a part of our product development infrastructure and are regularly used in product development. We have aligned our end-to-end digital product development objectives and infrastructure with our business goals and have made significant investments to enhance the digital product development capabilities especially in the areas of product development through Computer Aided Design/Computer Aided Manufacturing/Computer Aided Engineering/Knowledge Based Engineering/Product Data Management.

Over the years, we have devoted significant resources towards our research and development activities. Our total expenditure on research and development during fiscal years 2006, 2007 and 2008 was Rs.4,663 million, Rs.6,018 million and Rs.9,906 million respectively.

Intellectual Property

Tata Motors Limited has 170 trademarks registered in India and approximately 186 trademark applications which are currently pending registration. In addition to this, our significant trademarks are registered, or are in the process of being registered in other countries. We currently hold approximately 331 of these registrations worldwide and have made 67 applications out of India. The registrations mainly include trademarks for each of our vehicle models. Further, we also use the Tata brand, which has been licensed to us by Tata Sons Limited. See Item 4.C Organizational Structure. Additionally, Tata Sons has applied for 9 trademarks in the name of the Company. The Company has applied for 4 trademarks in the name of Telcon. As part of our acquisition of TDCV, we have the perpetual and exclusive use of the Daewoo brand and trademarks in Korea and overseas markets for the product range of TDCV. TDCV holds South Korean trademark registrations for 14 utility models and 5 designs.

India is a member of the World Trade Organization. In compliance with its obligations under the Agreement on Trade Related Aspects of Intellectual Property, (TRIPS), India grants statutory protection to various forms of intellectual property, including patents, copyrights, industrial designs and trademarks. The Trade Marks Act, 1999 and the Copyright Act, 1957, as amended, which are currently in force in India, are TRIPS compliant. The Patents Act, 1970, as amended, to the extent that it relates to our business and operations, provides adequate product and process patent protection in India in accordance with its obligations under TRIPS.

We currently own 20 patents and have 183 patent applications pending registration in India. We have also filed patent applications in UK, US & Europe (EP). In addition we have filed 29 applications under the Patent Corporation Treaty which will be entered in different countries later.

In addition, TDCV holds 11 patents in South Korea.

We have filed 83 design applications in India for aesthetic features of products/components.

In addition to the above, we also have various copyright and Internet domain name registrations.

In varying degrees, all of our trademarks, brands or patents are important to us. In particular, the expiration or termination of the Tata brand could materially affect our business.

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Components and Raw Materials

The principal raw materials and components required by us for use in our vehicles are steel sheets and plates, castings, forgings and items such as tyres, batteries, electrical items and rubber and plastic parts. The raw materials, components and consumables that are domestically sourced, include steel (sheet-metal, forgings and castings), tyres and tubes, batteries, fuel injection systems, air-oil filters, consumables (paints, oils, thinner, welding consumables, chemicals, adhesives and sealants) and fuels. We also require aggregates like axles, engines, gear boxes and cabs for our vehicles, which are manufactured either by ourselves or by our subsidiaries and affiliates.

We have undertaken an e-commerce initiative through the development of a business-to-business site with the assistance of our subsidiary, TTL, for electronic interchange of data with our suppliers. This has enabled us to have real time information exchange and processing to manage our supply chain effectively. We use external agencies as third party logistic providers. This has resulted in space and cost saving.

As part of our strategy to become a low-cost vehicle manufacturer, we have undertaken various initiatives to reduce our fixed and variable costs including an e-sourcing initiative started in 2002 through which we procure some supplies through reverse auctions.

We have established a procedure for ensuring quality control of outsourced components. Products purchased from approved sources undergo a supplier quality improvement process. We also have a program for assisting vendors from whom we purchase raw materials or components to maintain quality. Each vendor is reviewed on a quarterly basis on parameters of quality, cost and delivery. Preference is given to vendors with QS-9000 certification. We also maintain a stringent quality assurance program that includes random testing of production samples, frequent re-calibration of production equipment and analysis of post-production vehicle performance and ongoing dialogue with workers to reduce production errors. Further, we have established a Strategic Sourcing Group to consolidate, strategize and monitor our supply chain activities with respect to major items of purchase as well as major inputs of technology and services. The Strategic Sourcing Group is responsible for recommending for the approval by the Management Committee the long-term strategy and purchase decision for these items, negotiation and relationship with vendors with regard to these items, formulating and overseeing our purchasing policies, norms in respect of all items, evolving guidelines for vendor quality improvement, vendor rating and performance monitoring and undertaking company-wide initiatives such as e-sourcing and supply chain management/policies with respect to vehicle spare parts. We are also exploring opportunities for global sourcing of parts and components from lower cost countries, and have embarked on a vendor management program that includes vendor base rationalization, vendor quality improvement and vendor satisfaction surveys.

Suppliers

We have an extensive supply chain for procuring various components. We also outsource many of the manufacturing processes and activities to various suppliers. In such cases, we provide training to outside suppliers who design and manufacture the required tooling and fixtures.

Tata AutoComp Systems Ltd., or TACO, in which now we have 26% ownership stake, manufactures auto components and encourages the entry of internationally acclaimed auto component manufacturers into India by setting up joint ventures with them. Some of these joint ventures include: Tata Johnson Controls Limited for seats, Knorr Bremse CV Systems for commercial vehicle air brakes, Tata Yazaki Autocomp Limited for wiring harnesses, JBM Sangwoo Limited for pressed components and Tata Toyo Radiators Limited for radiator assemblies. These joint ventures supply components for our products.

We have embarked upon a vendor management program that includes vendor base rationalization, vendor quality improvement and vendor satisfaction surveys. As part of driving continuous improvement in procurement, we have integrated our system for electronic interchange of data with our suppliers with the ERP. This has facilitated real time information exchange and processing to manage our supply chain more effectively.

We import some components that are either not available in the domestic market or when equivalent domestically- available components do not meet our quality standards. We also import products to take advantage of lower prices in foreign markets, such as special steels, wheel rims and power steering assemblies. The following table shows the imported and indigenous raw material and components consumed by us:

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Description	Value of Raw Material and Components Consumption For the					
	Fiscal Year Ended March 31,					
	2006		2007		2008	
	Rs millions	%	Rs millions	%	Rs millions	%
Imported (at rupee cost)	11,418	7.6	14,769	7.1	19,214	8.6
Indigenously obtained	138,682	92.4	192,756	92.9	204,419	91.4
Total	150,100	100.0	207,525	100.0	223,633	100.0

Capital and Product Development Expenditures:

Our capital expenditure aggregated to Rs.10,734 million, Rs.25,277 million and Rs.42,707 million during fiscal 2006, 2007 and 2008, respectively. Our capital expenditure during the past three fiscal years has been related mostly to new product development and capacity expansion for new and existing products to meet the market demand and investments towards improving quality, reliability and productivity that are aimed at operational efficiency.

We intend to continue to invest in our business units and research and development over the next several years for improving our existing product range and developing new products and platforms to build and expand our presence in the passenger vehicle and commercial vehicle categories. We believe this would strengthen our position in India and help us to grow our presence in the select international markets.

As a part of this future growth strategy, we plan to make investments in product development, capital expenditure in capacity enhancement, plant renewal and modernization and to pursue other growth opportunities. Our subsidiaries also have their separate growth plans and related capital expenditures. These expenditures are expected to be funded largely through cash generated from operations, existing investible surplus in the form of cash and cash equivalents, investment securities and other external financing sources. In fiscal 2006, we obtained a resolution from our shareholders permitting the Board to raise a maximum of Rs.30 billion in equity or equity-related instruments to fund capital expenditure. In July 2008, we obtained our shareholders' consent to a resolution to increase our borrowing limit from Rs.120 billion to Rs.200 billion.

Other Operations

In addition to our automotive operations, we are also involved in various other business activities, of which information technology services and construction equipment manufacturing are the main activities. Net revenues from these activities totaled to Rs.27,017 million and Rs.37,148 million in fiscal 2007 and 2008, respectively, representing nearly 8.1% and 10.2% of our total revenues before inter-segment elimination in fiscal 2007 and fiscal 2008, respectively.

Information Technology Services:

Tata Technologies Limited, or TTL, is our 82.83% owned subsidiary as of March 31, 2008. Through its operating companies, INCAT and Tata Technologies iKS, TTL provides specialized engineering and design services, product lifecycle management and product-centric IT services to leading manufacturers. TTL responds to customers' needs through its subsidiary companies and through its three offshore development centers. TTL's customers include automobile, aerospace and consumer durable manufacturers. TTL has 13 subsidiary companies as at March 31, 2008.

INCAT is a leading independent provider of engineering and design services, product and information lifecycle management, enterprise solutions and plant automation. INCAT's services include product design, analysis and production engineering, Knowledge Based Engineering, PLM, Enterprise Resource Planning and Customer Relationship Management systems. INCAT also distributes, implements and supports PLM products from leading solution providers in the world such as Dassault Systèmes, UGS and Autodesk. With a combined global work force of more than 3,000 employees, INCAT has operations in the United States (Novi, Michigan), Germany (Stuttgart) and India (Pune).

Tata Technologies iKS is a global leader in engineering knowledge transformation technology. For over 15 years, iKS has enabled engineering knowledge transformation through i get it, the only web application in the world offering 100,000 hours of engineering knowledge for AutoCAD, INVENTOR, Solid Works, Solid Edge, UG/NX, Teamcenter, COSMOS Works and CATIA on a single delivery platform application.

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The consolidated revenue for the TTL Group was Rs. 9,071 million in fiscal 2008, an increase of 11.9% against Rs.8,107 million in the previous year. due to augmented relationships with existing global automotive and aerospace customers and the acquisition of new customers.

Construction Equipment:

Telco Construction Equipment Company Limited, or Telcon, is engaged in the business of manufacturing and sale of construction equipment and providing related supporting services. We own 60% of Telcon, with the remaining 40% being held by Hitachi Construction Machinery Company Limited, Japan. With the increase in economic activity especially in the infrastructure sector, Telcon recorded its best performance to date, having sold 7,698 machines in fiscal 2008 as compared to 5,360 machines sold in fiscal 2007, and a net revenue of Rs.24,146 million in fiscal 2008 compared to Rs.16,058 million in fiscal 2007. In April 2008, Telcon acquired 79% and 60% shares of two Spanish Companies, Serviplem S.A and Comoplesa Lebrero S.A, respectively. These acquisitions provide Telcon with the opportunity to enter the concrete value chain and participate in two important growth economies - India and China.

Government Regulations

Emission and Safety:

In 1992, the government of India issued emission and safety standards, which were further tightened in April 1996 under the Indian Motor Vehicle Act. Currently Bharat Stage III norms (equivalent to Euro III norms) are in force for four wheelers in 11 cities in India and Bharat Stage II norms (equivalent to Euro II norms) are in force in rest of India. Our vehicles comply with these norms. The next change in emission regulations is currently expected to be implemented by fiscal 2010, when the 11 major cities currently subject to Bharat Stage III norms are expected to move to Bharat Stage IV norms (equivalent to Euro IV norms) and the rest of India to Bharat Stage III norms.

The vehicles manufactured by TDCV comply with the emission regulatory requirements in South Korea and also of countries where its vehicles are exported. Our vehicle exports to Europe comply with Euro IV norms, and we believe our vehicles also comply with the various safety regulations in effect in the other international markets we operate in. We are also working on meeting all the regulations which we believe are likely to come into force in various markets in future.

The Indian automobile industry is progressively harmonizing its safety regulations with international standards in order to facilitate sustained growth of the Indian automobile industry as well as to make India a large exporter of automobiles.

India has a well established regulatory framework administered by the Indian Ministry of Shipping, Road Transport and Highways. The ministry issues notifications under the Central Motor Vehicles Rules and the Motor Vehicles Act. Chapter V of the Central Motor Vehicles Rules, 1989 deals with construction, equipment and maintenance of vehicles. Vehicles being manufactured in the country have to comply with relevant Indian standards and automotive industry standards. The Indian Ministry of Shipping, Road Transport and Highways finalized a road map on automobile safety standards in January 2002. The road map is based on current traffic conditions, traffic density, driving habits and road user behavior in India and is generally aimed at increasing safety requirements for vehicles under consideration for Indian markets.

Our manufacturing plants have received/are in the process of obtaining the Indian government's environmental clearances required for our operations. We are fully committed to our role as a responsible corporate citizen with respect to reducing environmental pollution. We treat the effluents at our plants and have made significant investments in lowering the emissions from our products.

Excise Duty:

In the Indian Union Budget for fiscal 2007, the Government of India reduced the Excise duty on small cars from 24% to 16%. Small car are defined to mean cars of length not exceeding 4,000 mm and with an engine capacity not exceeding 1,500 cc for cars with diesel engines and not exceeding 1,200 cc for cars with gasoline engines.

In the recent Indian Union Budget 2008-09, the government further reduced the excise duty on small cars from 16% to 12% and on motor vehicles for transport of more than 13 persons, including the driver, from 16% to 12%. Excise duty on chassis fitted with engines for such vehicles is also reduced from 16% + Rs.10,000 per chassis to 12% + Rs.10,000 per chassis. Additionally the general excise duty has been reduced from 16% to 14% which reduces the excise duty on trucks by 2% and the excise duty on Safari, SUVs and UVs is 24% + Rs 20,000.

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Import Regulations and Duties:

Automobiles and automotive components can, generally, be imported into India without a license from the Indian government subject to their meeting Indian standards and regulations as specified by designated testing agencies. Recent government liberalization policies have led to a reduction in import duties on vehicles and certain automotive parts. As a result, cars, UVs and SUVs in completely built up, or CBU, condition can be imported at 60% Basic Customs duty, whereas, commercial vehicles and components can be imported at Basic Customs Duty ranging from at 10% to at 7.5% (for engine component).

In addition, vehicle and component imports are also subject to countervailing duty which is equivalent to Excise Duty indicated above plus an additional Customs duty at 4%, NCCD at 1% (only for vehicles), Educational Cess at 2%, Higher Education Cess at 1%, Vehicle Cess (only in case of vehicles) at 0.125%.

Valued Added Tax:

Value Added Tax (VAT) has been implemented throughout India . VAT enables set-off from sales tax paid on inputs by traders and manufacturers against the sales tax collected by them on behalf of the government, thereby eliminating the cascading effect of taxation. Two main brackets of 4% and 12.5%, along with special brackets of 0%, 1% and 20%, have been announced for various categories of goods and commodities sold in the country. Central Sales Tax, however, continues to exist, although it is proposed to be abolished in a phased manner. Since its implementation, VAT has had a positive impact on us. Prior to the implementation of VAT, sales tax formed part of our total cost of material. However, following the implementation of VAT, because VAT paid on inputs can be set off against tax paid on outputs, a savings on our sales tax component results.

In the Indian Union Budget of 2008-09, the Government of India reduced the Central Sales Tax rate from the current rate of 3% to 2%.

Insurance Coverage:

The Indian insurance industry is predominantly state-owned and insurance tariffs are regulated by the Indian Insurance Regulatory and Development Authority. We have insurance coverage which we consider reasonably sufficient to cover all normal risks associated with our operations (including business interruptions) and which we believe is in accordance with industry standards in India. We have obtained coverage for product liability for some of our vehicle models in several countries to which we export vehicles. TDCV has insurance coverage as is required and applicable to cover all normal risks in accordance with industry standards in South Korea, including product liability. We have also taken insurance coverage on directors and officers liability to minimize risks associated with product liability and international litigation.

Legal Proceedings

In the normal course of business, we face claims and assertions by various parties. We assess such claims and assertions and monitor the legal environment on an ongoing basis, with the assistance of external legal counsel wherever necessary. We record a liability for any claims where a potential loss is probable and capable of being estimated, and disclose such matters in our financial statements, if material. For potential losses which are considered reasonably possible, but not probable, we provide disclosure in the financial statements, but do not record a liability in our accounts unless the loss becomes probable. Certain claims that are above Rs.50 million in value are described in Note 23 to our consolidated financial statements included in this annual report. In respect of claims against us below Rs.50 million, the majority of cases pertain to motor accident claims (involving vehicles that were damaged in accidents while being transferred from our manufacturing plants to regional sales offices) and consumer complaints. Some of these cases relate to replacement of parts of vehicles and/or compensation for deficiency in services provided by us or our dealers. There are some indirect tax , labour and other civil cases as well which fall under this category.

We believe that none of the contingencies, either individually or in the aggregate, would have a material adverse effect on our financial condition, results of operations or cash flows.

C. Organizational Structure.

Tata Sons Limited, or Tata Sons, is a principal holding company that has equity holdings in a range of businesses. The various companies promoted by Tata Sons, including us, are based substantially in India and had combined revenues of approximately US \$ 62.5 billion for fiscal 2008.

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The operations of Tata Sons promoted entities are highly diversified and can be categorized under seven business sectors, namely, engineering, materials, energy, chemicals, consumer products, services, communications and information systems. These companies do not constitute a group under Indian Law.

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Tata Sons has its origins in the trading business founded by Jamsetji Tata in 1874 that was developed and expanded in furtherance of his ideals by his two sons, Sir Dorabji Tata and Sir Ratan Tata, following their father's death in 1904. The family interests subsequently vested largely in the Sir Ratan Tata Trust, the Sir Dorabji Tata Trust and other related trusts. These trusts were established for philanthropic and charitable purposes and together own a substantial majority of the shares of Tata Sons Limited.

By 1970, the operations of Tata Sons promoted entities had expanded to encompass a number of major industrial and commercial enterprises including The Indian Hotels Company Limited (1902), The Tata Steel Limited (Tata Steel) (1907), The Tata Power Company Limited (1910), Tata Chemicals Limited (1939), Tata Motors Limited (1945), Voltas Limited (1954), and Tata Tea Limited (1962). Tata Sons also promoted India's first airline, Tata Airlines, which later became Air India (India's national carrier), as well as India's largest general insurance company, New India Assurance Company Limited, both of which were subsequently taken over by the Government as part of the Government's nationalization program. Tata Consultancy Services Limited (TCS) is Asia's leading software services provider and the first Indian software firm to exceed sales of US\$ 4 billion. In 1999, Tata Sons has also invested in several telephony and telecommunication ventures, including acquiring a portion of the Indian Government's equity stake in the state owned Tata Communications Limited (formerly known as Videsh Sanchar Nigam Limited (VSNL)).

We have for many years been a licensed user of the Tata brand owned by Tata Sons Limited, and thus have both gained from the use of the Tata brand as well as helped to sustain its brand equity. Tata Sons along with the Tata Sons promoted entities instituted a corporate identity program to re-position itself to compete in a global environment. A substantial ongoing investment and recurring expenditure is planned to develop and promote a strong, well-recognized and common brand equity, which is intended to represent for the consumer a level of quality, service and reliability associated with products and services offered by the Tata Sons promoted entities.

Each Tata Sons promoted consenting entities have to pay a subscription fee to participate in and gain from the Tata brand identity. We believe that we benefit from the association with the Tata Brand identity and, accordingly, the Company and its certain subsidiaries have agreed to pay an annual subscription fee to Tata Sons Limited which is equal to 0.15%-0.25% of annual net income (defined as net revenues exclusive of excise duties and other governmental taxes and non-operating income), subject to a ceiling of 5% of annual profit before tax (defined as profit after interest and depreciation but before income tax). Tata Son also has lowered in the past the subscription fee, considering its requirement of outlay for activities related to brand promotion and protection. For the fiscal years ended March 31, 2006, 2007 and 2008, Tata Motors on a standalone basis paid an amount less than 0.25% of its annual net income as per Indian GAAP. Pursuant to our licensing agreement with Tata Sons Limited, we have also undertaken certain obligations for the promotion and protection of the new Tata brand identity licensed to us under the agreement. The agreement can be terminated by written agreement between the parties, by Tata Sons Limited upon our breach of the agreement and our failure to remedy the same, or by Tata Sons Limited upon providing six months notice for reasons to be recorded in writing. The agreement can also be terminated by Tata Sons Limited upon the occurrence of certain specified events, including liquidation. Because we are one of the largest companies promoted by Tata Sons and further because we believe that our growing international reputation brings benefits to the Tata brand, we consider it very unlikely that we would ever be unable to use the Tata brand in relation to our products and services.

The Tata Sons promoted entities have sought to continue to follow the ideals, values and principles of ethics, integrity and fair business practices originally established by the founder of Tata Sons, Mr. Jamsetji Tata, and his successors. To further protect and enhance the Tata brand equity, these values and principles have been articulated in the Tata code of conduct, which has been adopted by most of the Tata Companies that have access to the larger resources and services of the Tata Sons promoted entities. These companies have endeavored to maintain high standards of management efficiency and to promote the commercial success of Indian enterprises. The Tata Sons promoted entities have also made significant contributions towards national causes through promotion of public institutions in the field of science, such as the Indian Institute of Science and the Tata Institute of Fundamental Research, and in the field of social services through the Tata Institute of Social Sciences, the Tata Memorial Hospital and the National Center of the Performing Arts. Tata trusts are among the largest charitable foundations in the country.

A large number of the Tata Sons promoted entities hold shares in one another and some of our directors hold directorships on the boards of Tata Sons and/or Tata Sons promoted entities. However, there are no voting agreements, material supply or purchase agreements or any other relationships or agreements that have the effect of tying us together with other Tata Sons promoted entities at management, financial or operational levels. With the exception of Tata Steel Limited, which under our Articles of Association has the right to appoint one director to the Board, Tata Sons Limited and its subsidiaries do not have any special contractual or other power to appoint our directors or management beyond the voting power of their shareholdings in us. Except as set forth in the tables below under the heading "Subsidiaries and Affiliates" and except for an approximately 12.40% stake in Tata Industries Limited, our shareholdings in other the Tata Sons promoted entities are generally insignificant as a percentage of their respective outstanding shares or in terms of the amount of our investment or the market value of our shares of those companies.

Table of Contents**Subsidiaries and Affiliates**

We have the following consolidated subsidiaries and equity method affiliates as of March 31, 2008.

Name of the Subsidiary Company	Country of incorporation	% of holding
1 Sheba Properties Ltd.	India	100.00
2 Concorde Motors (India) Ltd.	India	100.00
3 HV Axles Ltd.	India	85.00
4 HV Transmissions Ltd.	India	85.00
5 TAL Manufacturing Solutions Ltd.	India	100.00
6 Tata Motors Insurance Services Ltd. ⁵	India	100.00
7 Tata Daewoo Commercial Vehicle Co. Ltd.	South Korea	100.00
8 Tata Motors European Technical Centre plc	UK	100.00
9 Tata Technologies Ltd. and its 13 subsidiaries	India ¹	82.83 ₂
10 Telco Construction Equipment Co. Ltd.	India	60.00
11 Tata AutoComp Systems Ltd. and its 8 subsidiaries	India ³	54.70 ₄
12 Tata Precision Industries Pte. Ltd., Singapore and its subsidiary	Singapore	51.07
13 Tata Motors Finance Ltd	India	100.00
14 Tata Motors (Thailand) Ltd.	Thailand	70.00
15 Hispano Carrocera S.A. and its subsidiary ⁶	Spain	21.00
16 TML Holdings PTE Ltd and its subsidiary ⁷	Singapore	100.00
17 Tata Motors (SA) (Proprietary) Ltd.	South Africa	60.00
18 TML Distribution Company Ltd.	India	100.00

1 The subsidiaries are based in many countries abroad.

2 The holdings in these subsidiaries range between 82.83% to 82.93%, and one of the subsidiary was under liquidation as at March 31, 2008.

3 The subsidiaries are based in India, Mauritius, China and Germany.

4 The holdings in these subsidiaries range between 27.36% to 54.70%.

5 The name of the subsidiary has subsequently been changed to Tata Motors Insurance Broking & Advisory Services Limited.

6 The subsidiary is based in Morocco.

7 The subsidiary is based in United Kingdom

Name of the Affiliate Company	Country of incorporation	% of holding
1 Tata Cummins Ltd.	India	50.00
2 TSR Darashaw Ltd.	India	26.00
3 Nita Co. Ltd.	Bangladesh	40.00
4 Fiat India Automobiles Pvt Limited	India	49.48
5 Affiliates of Tata AutoComp Systems Ltd.	India	27.36 ₁
6 Telcon Ecoroad Resurfaces Pvt Ltd. ²	India	24.60
7 Tata Marcopolo Motors Ltd.	India	51.00
8 Automobile Corporation of Goa Ltd.	India	37.80

1 Except for two affiliates wherein the holding is 24.0% and 14.22%.

2 Is an affiliate of Telco Construction Equipment Co. Ltd.

D. Property, Plants and Equipment.**Facilities:**

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We currently operate four principal automotive manufacturing facilities in India. The first facility was established in 1945 at Jamshedpur in the State of Jharkhand in eastern India. We set up a second facility in 1966 (with production commencing in 1976) at Pune, in the State of Maharashtra in western India, and a third in 1985 (with production commencing in 1992) at Lucknow, in the State of Uttar Pradesh in northern India. During fiscal 2007, we commenced the construction of our fourth manufacturing plant in Uttarakhand, which commenced operations in fiscal 2008. The Jamshedpur, Pune and Lucknow manufacturing facilities have been accredited with ISO/TS 16949:2000(E) certification. We are also in the process of setting up a plant in Singur in West Bengal, for the

manufacture of the Nano, and in Dharwad in Karnataka, for the manufacture of Tata Marcopolo buses under our joint venture with

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Marcopolo. See Recent Developments Capacity Expansion Plans for more details. We have also set up research and development facilities in the United Kingdom.

The manufacturing facilities of TDCV are based in Gunsan, South Korea. TDCV has received the ISO/TS 16949 certification, an international quality systems specification given by SGS UK Ltd., an International Automotive Task Force (IATF) accredited certification body. It is the first Korean automobile original equipment manufacturer to be awarded the same.

The manufacturing facilities of Tata AutoComp Systems Ltd. and its subsidiaries are located at various locations in and around the city of Pune in the State of Maharashtra in India and also in Germany. The manufacturing facilities of Telcon are located at Jamshedpur in the State of Jharkhand in eastern India and at Dharwad in the State of Karnataka in Southern India.

Fiat India Automobiles Private Limited, our joint venture with Fiat Group Automobiles S.p.A, has its manufacturing facility located at Ranjangaon, Maharashtra. The plant would be used for the manufacture of Tata and Fiat branded cars as well as engines and transmissions for use by both the partners.

Tata Motors (Thailand) Limited is our 70:30 joint venture with Thonburi Automotive Assembly Plant Co Ltd for the manufacture and assembly of pickup trucks. The manufacturing facility is located in Samutprakarn province, Thailand.

Our 21% stake in Hispano provides us with access to two manufacturing units, one in Spain and another one in Morocco.

Installed Capacity:

As of March 31, 2008, our total vehicle production capacity in India determined on the basis of two production shifts per day and including capacity for the manufacture of replacement parts, was 780,960 units annually. In addition, we also have vehicle production capacity of 20,000 units annually in South Korea through the manufacturing facilities of TDCV.

The following table shows our installed capacity as of March 31, 2008, and production levels by plant and product type in fiscal 2006, 2007 and 2008:

	Fiscal Year ended March 31,			
	Installed Capacity ⁽¹⁾	2006	2007	2008
Jamshedpur				
Medium and Heavy Commercial Vehicles	102,000	69,891	98,227	95,145
Pune				
Medium and Heavy Commercial Vehicles, Light Commercial Vehicles, Utility Vehicles, Passenger Cars	565,000	366,468	458,324	436,177
Lucknow				
Medium and Heavy Commercial Vehicles, Light Commercial Vehicles, Utility Vehicles	30,000	19,963	28,235	26,900
Pantnagar				
Medium and Heavy Commercial Vehicles, Light Commercial Vehicles, Utility Vehicles	75,000			23,136
Jamshedpur & Dharwad				
Construction Equipment	8,960	3,515	5,167	7,364
Republic of Korea				
Gunsan				
Medium & Heavy Commercial Vehicles	20,000	5,663	8,543	11,821

(1) On double shift basis including capacity for manufacture of replacement parts as of March 31, 2008.

Properties:

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We produce vehicles and related components and carry out other businesses through various manufacturing facilities. In addition to our manufacturing facilities, our properties include sales offices and other sales facilities in major cities, repair service facilities, and research and development facilities.

The following table sets forth information, with respect to our principal facilities, a substantial portion of which are owned by us as of March 31, 2008. The remaining facilities are on leased premises.

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Location	Facility or Subsidiary Name	Principal Products or Functions
India		
In the State of Maharashtra		
Pune (Pimpri, Chinchwad, Chikhali, Maval)	Tata Motors Ltd.	Automotive vehicles, components & R&D
Pune (Chinchwad)	TAL Manufacturing Solutions Ltd	Factory automation equipment and services
Pune (Hinjewadi)	Tata Technologies Limited	Software consultancy and services
Mumbai	Concorde Motors (India) Limited	Automobile sales & service
Pune (Damle Path, Hinjewadi, Bhosari, Chakan and Pirangut)	Tata AutoComp Systems Limited and its subsidiaries	Auto components and engineering design
In the State of Jharkhand		
Jamshedpur	Tata Motors Ltd.	Automotive vehicles, components & R&D
Jamshedpur	HV Axles Ltd.	Axles for M&HCVs
Jamshedpur	HV Transmissions Ltd.	Transmissions for M&HCVs
Jamshedpur	Telco Construction Equipment Company Limited	Construction equipment
In the State of Uttar Pradesh		
Lucknow	Tata Motors Ltd.	Automotive vehicles & R&D
In the State of Karnataka		
Dharwad	Telco Construction Equipment Company Limited	Construction equipment
Bangalore	Tata Motors Limited Concorde Motors (India) Ltd.	Spare parts and warehousing Automobile sales and service
In the State of Uttarakhand		
Pantnagar*	Tata Motors Limited	Automotive vehicles & components
In the State of West Bengal		
Singur*	Tata Motors Ltd.	Under construction for manufacture of Nano
Rest of India		
Gujarat (Halol, Village Khakharia)	Tata AutoComp Systems Limited and its Subsidiaries	Auto components and engineering design
Hyderabad & Chennai	Concorde Motors (India) Ltd.	Automobile sales and service
Various other properties in India	Tata AutoComp Systems Ltd. Tata Motors Limited	Auto components Vehicle financing business (office/residential)
Outside India		
Singapore	Tata Precision Industries Pte. Ltd. / Tata Engineering Services Pte. Ltd.	Precision equipment and computer and peripherals warehousing
Republic of Korea	Tata Daewoo Commercial Vehicle Co. Ltd.	Automotive vehicles, components & R&D
Thailand	Tata Motors (Thailand) Ltd.	Pick-up trucks
United Kingdom	INCAT (Thailand) Ltd.	Software consultancy and services
Spain	Tata Motors European Technical Centre Hispano Carrocera S.A.	Software consultancy and services Buses and bus body
Rest of the world	INCAT Group of Companies	Software consultancy and services

* Land at these locations have been taken under operating lease.

Substantially all of our owned properties are subject to mortgages in favor of secured lenders and debenture trustees for the benefit of secured debenture holders. A significant portion of our property, plant and equipment is pledged as collateral securing indebtedness incurred by us. We believe that there are no material environmental issues that may affect our utilization of these assets.

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We consider all our principal manufacturing facilities and other significant properties to be in good condition and adequate to meet the needs of our operations.

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Item 4A. Unresolved Staff Comments.

None.

Item 5. Operating and Financial Review and Prospects.

You should read the following discussion of our financial condition and results of operations together with our consolidated financial statements prepared in conformity with US GAAP and information included in this annual report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors including, but not limited to, those set forth in Item 3.D and elsewhere in this annual report.

A. Operating Results.

Overview

In fiscal 2008, total gross revenues including finance revenues increased by 9.2% to Rs.412,587 million from Rs.377,753 million in fiscal 2007. We recorded a net income of Rs.14,206 million in fiscal 2008 from Rs.18,112 million in fiscal 2007, a decrease of 21.6%.

Automotive operations.

Automotive operations is our most significant segment, accounting for 91.9% and 89.9% respectively, of our total revenues before inter-segment eliminations and 89.5% and 78.1% respectively, of our operating income before inter-segment eliminations for fiscal 2007 and 2008. India is the most significant market for us, accounting for 89.4% and 88.8% of vehicle unit sales for fiscal 2007 and 2008, respectively, though we continue to focus on increasing the importance of our international operations. Our revenues from automotive operations increased 8.1% to Rs.331,967 million in fiscal 2008 compared to Rs. 307,113 million in fiscal 2007.

Our automotive operations includes:

All activities relating to development, design, manufacture, assembly and sale of M&HCVs, LCVs, passenger cars and utility vehicles as well as related spare parts and accessories,

Automotive component business, both captive and non-captive,

Distribution and service of vehicles, and

Financing of our vehicles.

The leading drivers of automotive business in India include GDP growth, industrial and infrastructure growth, increase in urbanization and personal disposable incomes. GDP growth, led by growth in industrial and agricultural sectors, is key to freight generation in the economy, which in turn drives the demand for the commercial vehicles, especially the goods carriers. Also, the ongoing road development programs in India, such as golden quadrilateral and the cross country road corridors, which are designed to connect not only the major cities of the country, but also the rural and interior parts of the country, are expected to improve the efficiency of both goods and passenger movement across the country through improved turnaround time, fuel efficiency and better logistic solutions. Also, the road development programs are expected to lead to a hub and spoke model of distribution, which in turn is expected to result in a structural shift in the commercial vehicle industry by moving the demand towards heavy and light commercial vehicles which cater to long-haul and end destination distribution respectively. Additionally, improved road infrastructure would also increase propensity to travel thus driving demand for passenger transportation.

Government regulations relating to emission norms, safety standards, scrapping of vehicles beyond a specified age, overloading and private participation in passenger transport and other areas impact the demand for commercial vehicles in the country.

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Our presence across the major four wheel auto product categories, our low cost design and manufacturing capabilities and our expansive distribution and service network facilitate our market leadership in the auto industry in the country. Also, we are working towards the development of new products, in most segments of commercial vehicles and development of new platforms for mid size car and utility vehicle to compete effectively in the challenging competitive environment. Following the encouraging response to the ACE, which has created a niche for itself in the below-1 ton category of the commercial vehicle industry since the launch in May 2005, we have developed the Magic, a new passenger carrier on the same

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platform, to tap the potential of mass passenger transport in rural and urban regions. We have also developed the Tata Winger for intra-city and long-distance transportation needs. The Magic and Winger were launched in fiscal 2008. The successful introduction of such products has helped us to become the market leader in the LCV category in India.

Our subsidiary, TDCV, is not only helping us strengthen our position in the international markets but is also improving our technological capability in design and development of new products in commercial vehicle category. Further, the launch of medium commercial vehicles in the Korean market by TDCV has helped us to further consolidate our position in the South Korean market. Our joint venture in India with Marcopolo of Brazil, our 21% stake in Hispano and our 37.80% stake in our Indian associate company, Automobile Corporation of Goa, or ACGL, are expected to enhance our leadership position in the bus market through better technological capabilities in bus body building. Our joint venture with Fiat to manufacture passenger cars, engines and transmissions would provide us with access to world class car engine technology and is expected to help us to further strengthen our position in the passenger vehicle category. Further, TMETC provides us with design engineering support and development services, complementing and strengthening our skill sets.

Capacity utilization of our automotive facilities in India declined to 75.3% in fiscal 2008 from 85.7% in fiscal 2007, due to lower growth in sales coupled with new capacities, mainly Uttarakhand. The capacity utilization levels at TDCV increased from 42.7% in fiscal 2007 to 59.1% in fiscal 2008, The vehicle capacity utilization of our total automotive operations, including TDCV operations, declined to 74.9% in fiscal 2008 from 84.5% in fiscal 2007.

Our vehicle sales increased 1.3% to 597,148 units in fiscal 2008 from 589,482 units in fiscal 2007. In fiscal 2008, our market share of all four-wheel vehicles sold in India decreased marginally to 26.1% from 28.6% in fiscal 2007. During fiscal 2008, nearly 9.6 million automobiles were sold in India, a decline of 4.7% over the previous fiscal year, and 1.2 million automobiles were exported from India, an increase of 22.4% over the previous fiscal year. The Indian automotive industry including exports, declined 2.2% in fiscal 2008 partially due to the unavailability of vehicle credit, high interest rate and slower economic growth.

Our overall sales in international markets increased 6.4% to 66,601 units in fiscal 2008 as compared to 62,622 units in fiscal 2007. This was driven by sustained efforts towards a focused entry in to new export markets and also strengthening of our presence in existing markets. Key export markets for our automotive operations were south Africa, west Asia, Europe and south-east Asia. With a view to address the large pickup market of Thailand, we established a joint venture in that market with majority stake retained by us, which began operation towards the close of fiscal 2008 through launch of our new pick-up truck Xenon in that market. The company has also received approval from the government of Thailand for the Eco car project in Thailand.

The auto-component business, which caters to both captive and external demand is expected to benefit from the growth in the automobile business in the country. During fiscal 2008 we transferred the intellectual property rights relating to the design of axles and transmissions to our captive auto component subsidiaries, HV Axles Ltd., HV Transmission Ltd and divested 15% of our equity stake in each of these subsidiaries so as to assist them in building their capabilities and diversify their customer base. These subsidiaries are expected to improve their revenues and profitability through internal growth, and we may consider opportunities to grow through mergers and acquisitions. In a recent development, 24% stake in our subsidiary company TACO was sold by us.

Tata Motors Finance Limited, or TMFL, was incorporated on June 1, 2006 as a wholly-owned subsidiary to support our vehicle financing and related activities. We seek to offer complete vehicle financing solutions in line with global best practices in the auto industry and we believe this business will provide a hedge against the cyclical nature of the automotive business in India together with enabling us to capture the life cycle value of the product.

Interest rate movements in the economy have a significant impact on vehicle financing operations. Despite an increase in interest rates during the latter half of fiscal 2008, our vehicle-financing registered a strong growth on the back of an increased focus in the business and aided us to combat the lack of sufficient vehicle credit availability in the Indian market.

Other Operations.

Our revenue from other operations was Rs.37,148 million in fiscal 2008, an increase of 37.5% from Rs.27,017 million in fiscal 2007. These revenues represent 8.1% and 10.1% of our total revenues, before inter-segment eliminations and 10.5% and 21.9% of our operating income in fiscal 2007 and 2008, respectively.

Geographical breakdown.

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On a geographical basis, revenues from sales in India increased by 9.8% to Rs. 293,719 million in fiscal 2008 from Rs.267,419 million in fiscal 2007.

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Our share of revenues earned from outside India has increased steadily over the last six years from 5.4% in fiscal 2003 to 19.6% in fiscal 2008, mainly as a result of our strategy to increase exports of our vehicles to new and existing markets in significant numbers and improved performance of our subsidiary in South Korea, TDCV. Successful operations of INCAT and its subsidiaries following acquisitions by TTL also facilitated a significant increase in our sales to international market. In future years, we expect that the proportion of our revenues earned from markets outside of India will increase significantly due to our acquisition of the Jaguar Land Rover business. See [Recent Developments Acquisition of the Jaguar Land Rover Business](#) for more information.

The following table sets forth our revenue from our Indian and international operations:

Revenue	Fiscal 2006		Fiscal 2007		Fiscal 2008	
	Rs in million	Rs in million	Rs in million	Percentage	Rs in million	Percentage
Within India	198,172	82.4%	267,419	80.7%	293,719	80.4%
Outside India	42,443	17.6%	64,106	19.3%	71,512	19.6%
Total	240,615		331,525		365,231	

The revenue from our exports has been increasing in the last three years as our products are increasingly finding acceptance in key markets such as South Africa, Turkey, Sri Lanka and Russia. We have been pursuing growth in various geographic areas through organic and inorganic means in our automotive and other business operations.

Vehicles manufactured by us, in India almost exclusively use components produced in India. Many of these components, including engines, transmissions and axles, are produced by us or our subsidiaries and affiliates, and the remaining parts are procured from various suppliers through our extensive supply chain. We import a limited number of specialized parts and components for our vehicles, as well as specialized grades of steel.

Our South Korean vehicles are assembled primarily from aggregates and components manufactured in South Korea. However, some major aggregates are sourced from the United States and various European component suppliers.

Significant Factors Influencing Our Results of Operations.

Our results of operations are dependent on a number of factors, including:

General economic conditions. We, similar to the rest of the automotive industry, are substantially affected by general economic conditions. See [Item 3.D Risk Factors Risks associated with Our Business and the Automotive Industry](#) . General economic conditions, particularly in India, could have a significant adverse impact on our sales and results of operations.

Interest rates and availability of credit for vehicle purchases. While interest rates in India steadily declined from the beginning of fiscal 2001 and credit finance for vehicle purchases became more widely available, interest rates in India began to increase since second half of fiscal 2006 and increased further during the latter part of fiscal 2007 and through fiscal 2008. For further discussion of our credit support programs, see [Item 4.B Business Overview Automotive Operations Sales and Distribution of Vehicles](#) .

Excise duty and sales tax rates. For a detailed discussion regarding tax rates applicable to us, please see [Item 4.B Business Overview Government Regulations Excise Duty](#) .

Our competitive position in the market. For a detailed discussion regarding our competitive position, see [Item 4.B Business Overview Automotive Operations Competition](#) .

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*Cyclical*ity. Our results of operations are also dependent on the cyclicality in demand in the automotive market, new government regulations, and, to a limited extent, to fluctuations in foreign currency rates.

Environmental Regulations. There has been a greater emphasis on the emission and safety norms for the automobile industry by governments in the various countries in which we operate. Compliance with these norms will have a significant bearing on the costs and product life cycles in the automotive industry. For further details with respect to these regulations, please see Item 4.B Business Overview Government Regulations Emission and Safety .

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Foreign Currency Rates. We are sensitive to fluctuations in foreign currency rates with respect to our import and export activities. Our consolidated financial results are affected by foreign currency exchange fluctuations through both translation risk and transaction risk. We have experienced and expect exchange losses / gains on our foreign currency denominated borrowings. Changes in foreign currency exchange rates may positively or negatively affect our revenues, results of operations and net income.

To the extent that our financial results for a particular period will be affected by changes in the prevailing exchange rates at the end of the period, such fluctuations may have a substantial impact on comparisons with prior periods. However, the translation effect is a reporting consideration and does not impact our underlying results of operations.

Transaction risk is the risk that the currency structure of our costs and liabilities will deviate from the currency structure of sales proceeds and assets. Transaction risk relates primarily to sales proceeds from our automotive business segment exports sales produced in India. However, we enter into commercial borrowings and other hedging instruments to address some of these transaction risks. These instruments enable us to reduce, but not eliminate, the impact of fluctuations in foreign currency rates. Please see Item 11. **Quantitative and Qualitative Disclosures About Market Risk** for further detail.

Results of Operations.

The Indian economy remained in high growth phase but witnessed moderation in GDP growth to 9% in fiscal 2008 as compared to over 9% growth achieved in the previous two years. Substantial reduction in the availability of finance, high interest rates and low consumer confidence hindered growth in the automobile industry in fiscal 2008.

In fiscal 2008, we sold 597,148 units as compared to 589,428 units in fiscal 2007, representing an increase of 1.3%. Our domestic market share in the four wheel vehicle market in India was 26.1% in fiscal 2008, as compared to 28.6% in fiscal 2007. The volumes in the international business grew 6.4% to 66,601 units sold in fiscal 2008 compared to 62,622 units sold in fiscal 2007.

In India, we achieved all time high commercial vehicle sales of 312,935 vehicles in fiscal 2008, an increase of 4.2% over fiscal 2007. The M&HCV segment witnessed a decline in fiscal 2008, partially due to a levelling off of the one-time surge in demand we experienced in fiscal 2007, triggered by strict enforcement of overloading restrictions. Our performance in the M&HCV segment during fiscal 2008 was also affected by the lack of availability of vehicle finance from outside sources and constraints that we experienced in the earlier part of the year in our components and aggregates supply chain. We revamped our M&HCV portfolio during fiscal 2008 and introduced a wide range of new products such as multi-axle and heavy duty trucks, tractor trailers and fully built solutions in the second half of the year. We also secured a prestigious order from the Delhi Transport Corporation for 500 low-floor CNG propelled buses, the supply of which commenced during fiscal 2008.

Our growth in the LCV segment was mainly led by the sales of Ace and the new commercial passenger carriers Winger and Magic.

After six years of consecutive growth, our passenger vehicle sales decreased marginally by 4.6% to 217,612 vehicles, including sale of Fiat branded cars. Between the Tata and Fiat branded vehicles, we had a 14.2% share in the passenger vehicle market in India and maintained our position among the top three manufacturers in the Indian passenger vehicle market.

During the year, we launched the Indigo sedan and Indica with the Direct Injection Common Rail (DICOR) and Sumo Grande to an encouraging response. We also rolled out the one millionth passenger car off the Indica platform at our manufacturing plant in Pune, in its ninth year since the commencement of production of the Indica in January 1999. In August 2008, we launched the new generation of India's first and only fully indigenous car, the Indica Vista.

Under the joint venture with Marcopolo, a leading bus body manufacturing company from Brazil, we have begun the construction of the manufacturing facility at Karnataka, India to manufacture and assemble fully-built buses and coaches in India which we currently expect will enable us to improve production and technological capabilities in bus body building. The initial batch of vehicles under the joint venture has been supplied from our current manufacturing facility at Lucknow, India.

Following the formation of the joint venture with Thonburi Automotive Assembly Plant Co., or Thonburi, in which we own 70% equity stake, to manufacture pickup trucks in Thailand, we launched the Tata Xenon, with a 2.2-litre common-rail engine, to an encouraging response.

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In June 2008, we also completed our acquisition of the Jaguar Land Rover business. See [Recent Developments](#) [Acquisition of the Jaguar Land Rover Business](#) for further details.

The following table sets forth selected items from our consolidated statements of income for the periods indicated and shows these items as a percentage of total revenues:

	Percentage of Total Revenues			Percentage Change	
	Fiscal 2006	Fiscal 2007	Fiscal 2008	2006 to 2007	2007 to 2008
Total Revenues	100%	100%	100%	37.8	10.2
Cost of sales	78.7	79.5	78.8	39.2	9.3
Selling, general and administrative expenses	11.0	10.7	12.0	34.0	22.8
Research and development expenses	1.9	1.8	2.7	29.1	64.6
Total operating expenses	13.0	12.5	14.7	33.2	28.8
Operating income	8.3	8.0	6.5	31.9	-10.4
Non-operating income	1.5	1.4	1.8	*36.4	*34.6
Interest income	0.3	0.2	0.5	-9.7	182.6
Interest expense	-1.5	-1.6	-2.9	45.6	94.1
Income before tax	8.5	8.0	5.8	28.8	-19.3
Income tax expense	-2.3	-2.4	-1.6	44.4	-27.3
Net income	6.2	5.5	3.9	20.7	-21.6
Cost of sales to Net sales (in %)	79.9	81.1	81.6	37.0	8.7

* Includes gain on shares issued by subsidiary companies and gain on sale of equity interest in subsidiary companies with respect to fiscal 2006 and 2008

The following table sets forth selected data regarding our automotive operations for the periods indicated and the percentage change from period to period.

	Fiscal 2006	Fiscal 2007	Fiscal 2008	Percentage Change	
				2006 to 2007	2007 to 2008
Total Revenues (Rs.Millions)	224,753	307,113	331,967	36.6	8.1
Net Income (Rs.Millions)	14,861	17,249	13,105	16.1	-24.0
Net margin (%)	6.6	5.6	4.0		
India (Unit Sales)	403,906	526,806	530,547	30.4	0.7
Outside India (Unit Sales)	55,957	62,622	66,601	11.9	6.4
Market Share in India (%)	27.1	28.6	26.1		

The following table sets forth selected data regarding our other operations for the periods indicated and the percentage change from period to period.

	Fiscal 2006	Fiscal 2007	Fiscal 2008	Percentage Change	
				2006 to 2007	2007 to 2008
Total Revenues (Rs.Millions)	18,061	27,017	37,148	49.6	37.5
Net Income (Rs.Millions)	385	1,064	1,841	176.4	73.0
Net margin (%)	2.1	3.9	5.0		

Cost Reduction:

We have been maintaining our cost advantage vis-à-vis foreign manufacturers who have entered the Indian market, by aggressively pursuing a number of cost reduction initiatives, including the following:-

Outsourcing and procurement of major aggregates and sub-assemblies from approved vendors.

Procurement of parts and consumables by e-sourcing and reverse auctions.

Sourcing of raw materials and components from global sources.

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Value engineering and the use of alternate and new materials.

Adopting target costs, productivity and process improvements and rationalizing of our vendor base.

In the recent past, various input materials have shown significant escalation in price globally that may impact profitability of our operations. While we endeavour to offset the input cost pressure through various cost reduction initiatives mentioned above, we may be unable to fully mitigate the impact. In the coming years, the globalization of the auto component industry in India may give us an opportunity to get international quality components at local prices. The opening of the Indian economy may also give us an opportunity to establish a global supply chain for meeting our cost and quality targets.

Fiscal 2008 Compared to Fiscal 2007

Revenues.

Our total consolidated gross revenues including finance revenues was Rs. 412,587 million in fiscal 2008, an increase of Rs.34,834 million, or 9.2%, from Rs.377,753 million in fiscal 2007. The growth was driven by an increase in total vehicle volumes of 1.3%, improved realization per vehicle, and continued growth in our vehicle financing activity which resulted in a 8.1% increase in revenues from automotive operations. Further, growth in revenues of our key non-automotive subsidiaries, namely Telcon, which registered a 50.4% increase in its revenues and TTL which registered a 11.9% increase in its revenues during fiscal 2008.

Revenues from the domestic market for fiscal 2008 increased by 9.8% to Rs. 293,719 million in fiscal 2008 from Rs.267,419 million in fiscal 2007. Revenues from markets outside India increased by 11.6% to Rs.71,512 million in fiscal 2008 from Rs.64,106 million in fiscal 2007. This has been driven by our continued focus on improving our presence in international markets, through expansion of both our automotive and non-automotive businesses. We seek to continue to grow the proportion of revenues we derive from our international operations.

The following is a discussion of our revenues for each of our business segments.

Revenues from Automotive Operations.

Automotive operations constitute the largest proportion of our total revenues. Revenues from automotive operations increased by Rs. 24,854 million to Rs. 331,967 million, or 8.1%, from Rs. 307,113 million in fiscal 2007. This increase was primarily due to:

0.7% increase in domestic vehicle unit sales in India;

Price increase in our vehicles;

6.4% increase in international sales of vehicles; and

77% increase in automotive financing revenues;

Domestic sales of vehicles produced by us during fiscal 2008 grew by 0.4% in a challenging market environment. While our commercial vehicle sales witnessed a growth of 4.2% supported largely by sales of Ace, Winger and Magic, our passenger vehicle sales declined, primarily due to new product launches by our competitors. In order to cater to requirements of customers in sectors such as mining, construction, logistics and road-works, we introduced a new range of M&HCVs during fiscal 2008, including multi-axle trucks, heavy-duty trucks, tractor-trailers, tippers and fully-built solutions such as tip-trailers and load bodies. The new and improved Safari, launched in October 2007, enabled Tata Safari brand to achieve its highest sales in fiscal 2008.

International sales continued to grow during fiscal 2008 as a result of company's focused initiatives to improve business in key markets such as SAARC, Africa etc as well as the growth in sales of MCVs in the South Korean market by TDCV.

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Continued focus on the Auto Financing business facilitated increased growth of this business. Tata Motors Finance, or TMF, the brand name under which our vehicle financing division and our wholly-owned subsidiary, Tata Motors Finance Limited, operate, financed 33.6% of our domestic sales in fiscal 2008 as compared to 31.4% of our vehicles sold in the domestic market in fiscal 2007.

Table of Contents***Revenues from Other Operations.***

Revenues from our other operations increased by Rs.10,131 million or 37.5% to Rs.37,148 million in fiscal 2008 compared to Rs.27,017 million in fiscal 2007, mainly due to an increase in revenues of our significant non-automotive subsidiaries. In fiscal 2008, revenues of TTL and Telcon increased by 11.9% and 50.4%, respectively. Telcon continues to be the market leader in the excavator segment with a market share of 53% in India. Telcon's market share in the wheel loader and backhoe loader segment in India also improved from 10% in fiscal 2007 to 11.5% in fiscal 2008. Through the INCAT acquisition, TTL has gained access to various international clients for both its onsite business as well as the opportunity to expand its offshore business.

Cost of Sales and Operating Expenses

Cost of sales as a percentage of net sales has increased to 81.6% during fiscal 2008 from 81.1% for the fiscal 2007. The increase reflects primarily the combined impact of an increase in input prices, other increases in input costs and increase in the depreciation expenses relating to production equipment and factory overheads. The cost increases were partially offset by increased price realizations and cost reductions pursuant to our continued cost cutting efforts.

Selling, general and administrative (SGA) expenses as a percentage of total revenues increased to 12.0% during fiscal 2008 compared with 10.7% during fiscal 2007. SGA expenses increased by Rs.8,108 million to Rs.43,731 million in fiscal 2008 from Rs.35,623 million in fiscal 2007. This increase was partially due to an increase of Rs.981 million in outward shipping expenses along with publicity and advertising expenses during fiscal 2008. Further consequent to increase in the vehicle financing activity the SGA expenses have gone up.

Research and development expenses increased by 64.6% from Rs.6,018 million in fiscal 2007 to Rs.9,906 million in fiscal 2008, primarily as a result of our ongoing initiative towards design and development of new vehicle models across various product categories such as the Nano and the World Truck. As a percentage of total revenues, research and development expenses was 2.7% in fiscal 2008 compared to 1.8% in fiscal 2007.

Operating Income.

In fiscal 2008, our operating income declined by Rs.2,737 million to Rs.23,694 million in fiscal 2008 from Rs.26,431 million in fiscal 2007 mainly due to a increase in expenditure on research and development by Rs.3,888.3 million.

Operating income from automotive operations was Rs.18,489 million in fiscal 2008, a decline of Rs.5,118 million or 21.7% from Rs.23,607 million in fiscal 2007. Increase in cost of sales and research and development expenses mainly affected the operating margin from automotive operations in fiscal 2008.

Operating income from our other operations increased by Rs 2,393 million or 86.10% to Rs.5,172 million in fiscal 2008 from Rs.2,779 million in fiscal 2007. This increase was primarily due to an improvement in the income of our significant non-automotive subsidiaries, especially due to revenue growth in Telcon and TTL.

Other Income and Expenses.

We had total net non-operating expenses of Rs.2,386 million in fiscal 2008 as compared to total net non-operating expenses of Rs.40 million in fiscal 2007. In fiscal 2008, we had gain of Rs.1,255 million as compared to Rs. Nil in fiscal 2007, towards sale of equity interest in subsidiaries. Interest expense (net) increased from Rs.4,816 million in fiscal 2007 to Rs.8,816 million in fiscal 2008 mainly due to an increase in interest rates and increased borrowings to fund capital expenditure, investment in affiliates/ other investment and amount held for acquisition of Jaguar Land Rover.

Income Taxes.

Income tax expense declined to Rs.5,899 million in fiscal 2008 from Rs.8,113 million during fiscal 2007 mainly due to lower pre-tax income. The effective tax rate during fiscal 2008 was 27.7% in fiscal 2008 compared to 30.7% in fiscal 2007. The decline in effective tax rate is primarily on account of higher tax benefit on research and development expenses which was partially offset by increase in tax on undistributed earnings.

Minority Interest in Consolidated Subsidiaries and Equity in Earnings of Affiliates.

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Share of minority interest in profits of consolidated subsidiaries in fiscal 2008 increased to Rs.1,148 million in fiscal 2008 as compared to Rs.719 million in fiscal 2007. The increase is on account of increased profitability of our subsidiaries such as Telcon and TTL during the fiscal 2008 and increase in minority consequent to the sale of 15% of our equity stake in HV Axles Ltd. and HV Transmissions Ltd.

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Equity in the net income of affiliates was loss of Rs.55 million during fiscal 2008, compared to an income of Rs.552 million during fiscal 2007. This change was primarily due to our proportionate share of loss in our affiliate, Fiat India Automobile Private Limited which began to set up operations during fiscal 2008 but has yet to operate at full scale.

Net Income.

Our consolidated net income for fiscal 2008 was Rs.14,206 million, representing a decline of 21.6% from Rs.18,112 million in fiscal 2007. This decline was the result of the following factors:

Increased cost of sales

Increase in selling general and administrative expenses

Significant increase in research and development expenses;

Increase in interest cost which was partially offset by gain on sale of equity interest in subsidiaries.

Net income from automotive operations has declined from Rs 17,249 million in fiscal 2007 to Rs 13,105 million in fiscal 2008.

Fiscal 2007 Compared to Fiscal 2006

Revenues.

Our total consolidated gross revenues including finance revenues increased to Rs.377,753 million in fiscal 2007 from Rs.276,080 million in fiscal 2006, an increase of Rs.101,673 million, or 36.8%. The growth was driven by an increase in total vehicle volumes of 28.2%, improved realization per vehicle and continued robust growth in our vehicle financing activity resulting in 36.6% increase in revenues from automotive operations. Further, growth in revenues of our key non-automotive subsidiaries, namely Telcon, which registered a 39.8% increase in its revenues during fiscal 2007 and TTL, which registered a 97% increase in its revenues during fiscal 2007, contributed to the increase in our gross revenues.

Revenues from the domestic market for fiscal 2007 increased by 34.9% to Rs.267,419 million from Rs.198,172 million while revenues from markets outside India increased by 51% to Rs.64,106 million from Rs.42,443 million in 2006. The proportion of total revenues from markets outside India has increased from 5.4% in fiscal 2003 to 19.3% in fiscal 2007. This has been driven by our continued focus on improving our presence in international markets, through expansion of both our automotive and non-automotive businesses. We seek to continue to grow the proportion of revenues we draw from international operations.

The following is a discussion of our revenues for each of our business segments.

Revenues from Automotive Operations.

Automotive operations with revenue of Rs.307,113 million generated the largest proportion of our total revenues. Revenues from this segment increased by Rs.82,360 million, or 36.6% from Rs.224,753 million in fiscal 2006. This increase was primarily due to:

30.4% increase in domestic vehicle unit sales in India;

6.5% increase in international sales of vehicles;

89% increase in automotive financing revenues and;

Increase in revenues reported by automotive subsidiaries.

Domestic sales of vehicles produced by us during fiscal 2007 grew by 30.4%, crossing the half million vehicle sales mark in a year for the first time in our history. The increase was largely due to the continuing success of the Ace, the launch of Indica facelift, Indica Xeta (1.2 litre), Indigo XL and Indigo DICOR during the fiscal year and also due to the successful implementation of the ban on overloading of trucks in India. International sales continued to grow during fiscal 2007 as a result of our successful entry into South Africa and increased focus on other traditional export markets, as well as the growth in sales of MCVs in the South Korean market

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by TDCV. Continued focus on the Auto Financing business, following the merger of TFL with us, facilitated increased growth of this business. As of the end of fiscal 2007, TataMotorfinance (TMF), the brand name under which our vehicle financing division and our wholly-owned subsidiary, Tata Motors Finance Limited, operate, financed 31.0% of our domestic sales compared to 24.0% of our vehicles sold in the domestic market in fiscal 2006.

Revenues from Other Operations.

Revenues from our other operations increased by Rs.8,956 million or 49.6% to Rs.27,017 million in fiscal 2007 compared to the previous fiscal year, mainly due to an increase in revenues of significant non-automotive subsidiaries. In fiscal 2007, revenues of TTL and Telcon increased by 97.0% and 39.8%, respectively. Similarly, efficiencies derived from the acquisition of INCAT during fiscal 2006 helped increase the revenue growth of TTL.

Cost of Sales and Operating Expenses.

Cost of sales as a percentage of net sales has increased to 81.1% from 79.9%. The increase reflects primarily the combined impact of an increase in input prices, partially offset by the impact of continued cost cutting efforts. Also, an increase in depreciation expenses relating to production equipment and factory overheads as a result of capacity expansion and ongoing product development program contributed to the increase in cost of sales.

Selling, general and administrative expenses increased by Rs.9,037 million to Rs.35,623 million in fiscal 2007 from Rs.26,586 million in fiscal 2006. This was partially due to an increase in outward shipping expenses of Rs.8,549 million during fiscal 2007 as compared to Rs.6,092 million during fiscal 2006. Selling, general and administrative expenses as a percentage of total revenues decreased to 10.7% during fiscal 2007 compared with 11.0% during fiscal 2006.

Research and development expenses increased by 29.1% to Rs.6,018 million in fiscal 2007 from Rs.4,663 million in fiscal 2006 as a result of our ongoing initiative towards design and development of new vehicle models across all product categories, including the small car. As a percentage of total revenues, research and development expenses was 1.8% in fiscal 2007 compared to 1.9% in fiscal 2006.

Operating Income.

In fiscal 2007, our consolidated operating income increased by Rs.6,388 million to Rs.26,431 million from Rs.20,042 million in fiscal 2006.

Operating income from our automotive operations was Rs.23,607 million in fiscal 2007, an increase of Rs.4,685 million or 24.8% from Rs.18,922 million in fiscal 2006. Growth in sales volume by 28.2%, growth in vehicle financing revenues, cost reduction efforts, partly offset by increase in selling and general administration expenses in line with increase in volume and increase in research and development expenses contributed to the increase in operating income for fiscal 2007.

Operating income from our other operations increased by Rs.1,720 million or 162.3% to Rs.2,779 million in fiscal 2007 from Rs.1,059 million in fiscal 2006. This increase was primarily due to an improvement in the revenues of our key subsidiaries, especially Telcon (posting a 39.8% increase) and TTL (posting a 97% increase).

Other Income and Expenses.

We had total net non-operating expenses of Rs.40 million in fiscal 2007 as compared to a total net non-operating income of Rs.446 million in fiscal 2006. The interest expense (net) increased from Rs.3,055 million to Rs.4,816 million mainly due to increased financing requirements and increase in interest rates during fiscal 2007. This increase was offset by foreign exchange gains (net) Rs.1,856 million and increase in other non-operating income of Rs.951 million. Non-operating income for fiscal 2006 included Rs.1,532 million on account of gain of sale of equity interest in subsidiary.

Income Taxes

Income tax expense increased to Rs.8,113 million from Rs.5,618 million during fiscal 2007 mainly due to Increase in pre tax income. The effective tax rate during fiscal 2007 was 30.7% compared to 27.4% in fiscal 2006. Increase in tax rate is primarily on account of tax on undistributed earnings of subsidiaries and a tax benefit recorded in fiscal 2006 on sale of shares of a subsidiary company. The increase was partially offset by higher tax benefit on research and development and tax free dividend income.

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Minority Interest in Consolidated Subsidiaries and Equity in Earnings of Affiliates.

Share of minority interest in profits of consolidated subsidiaries in fiscal 2007 increased to Rs.719 million compared to Rs.331 million in fiscal 2006. The increase is on account of profits attributable to minorities consequent to increased minority holding in Telcon from 20% to 40% in December 2005, coupled with higher profits of Telcon during the fiscal 2007.

Equity in the net income of affiliates was Rs.552 million during fiscal 2007, representing an increase of 17.2% from Rs.471 million during fiscal 2006. This change was primarily due to an increase in profits of our affiliate Tata Cummins Ltd.

Net Income.

Our consolidated net income for fiscal 2007 was Rs.18,112 million, representing an increase of 20.7% from Rs.15,011 million fiscal 2006. This increase was the result of:

28.2% increase in vehicle unit sales in fiscal 2007 compared to fiscal 2006.

Continued cost reductions, which were partially offset by an increase in input commodity prices. Prices of commodity items, particularly steel, non-ferrous metals, rubber and engineering plastics, witnessed an upward movement, which was partially offset by the cost reduction initiatives pursued by the company. Consequently, our raw material cost as a proportion of our total revenues increased to 62.6% in fiscal 2007 from 62.4% in fiscal 2006.

31.9% increase in operating income from Rs.20,042 million in fiscal 2006 to Rs.26,431 million in fiscal 2007, which was the result of an increase of 24.8% and 162.3% of the operating income of our automotive operations and other operations, respectively. Net income as a percentage of total revenues declined to 5.5% in fiscal 2007 from 6.2% in fiscal 2006.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS 157 Fair Valuation Measurement which provides a definition of fair value, establishes a framework for measuring fair value and requires expanded disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The provisions of SFAS 157 should be applied prospectively. In February 2008, the FASB issued FASB Staff Position No. SFAS 157-2 (FSP FAS 157-2) which delays the effective date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). This FSP partially defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008 for items within the scope of this FSP. The company is evaluating the application of this statement.

In February 2007, the FASB issued SFAS 159, The Fair Value Option for Financial Assets and Financial Liabilities. SFAS 159 permits measurement of recognized financial assets and liabilities at fair value with certain exceptions such as investments in subsidiaries, obligations for pension or other postretirement benefits, and financial assets and financial liabilities recognized under leases. Changes in the fair value of items for which the fair value option is elected should be recognized in income or loss. The election to measure eligible items at fair value is irrevocable and can only be made at defined election dates or events, generally on an instrument by instrument basis. Items for which the fair value option is elected should be separately presented or parenthetically be disclosed in the statement of financial position. SFAS 159 also requires significant new disclosures that apply for interim and annual financial statements. SFAS 159 shall be effective for fiscal years beginning after November 15, 2007 with earlier adoption permitted, if certain conditions are met. The company is evaluating the application of this statement.

In December 2007, FASB issued SFAS No. 141(R), Business Combinations (SFAS 141(R)), which establishes principles and requirements for how the acquirer recognizes and measures the identifiable assets acquired, the liabilities assumed, any noncontrolling interest, and the goodwill acquired in a business combination or a gain from a bargain purchase. Also, SFAS 141(R) provides several new disclosure requirements that enable users of the financial statements to evaluate the nature and financial effects of the business combination. This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The company is evaluating the application of this statement.

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In December 2007, FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51 (FAS 160). SFAS 160 amends the guidance in Accounting Research Bulletin (ARB) No. 51, Consolidated Financial Statements (ARB 51), to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 is effective for fiscal year beginning on or after December 15, 2008. The presentation and disclosure requirements shall be applied retrospectively for all periods presented in the consolidated financial statements in which SFAS 160 is initially applied. The company is evaluating the application of this statement.

In March 2008, FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133 (SFAS 161). SFAS 161 changes and enhances the current disclosure requirements for derivative instruments and hedging activities under SFAS 133. SFAS 161 is effective for financial statements for fiscal years beginning after November 15, 2008. The company is evaluating the application of this statement.

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles. The new standard is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles (GAAP) for non-governmental entities. SFAS No. 162 is effective 60 days following the SEC’s approval of the Public Company Accounting Oversight Board (PCAOB) amendments to AU Section 411, The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles.

Critical Accounting Policies.

The preparation of our consolidated financial statements in conformity with US GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate and reevaluate our estimates, which are based on historical experience, industry standards, economic conditions and various other assumptions that we believe are reasonable based on currently available information. The results of these evaluations and reevaluations form the basis for our judgments about the carrying values of our assets and liabilities and the reported amounts of our revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates, and these estimates could differ under different assumptions. We believe the following accounting policies are important to our financial condition and results and require the most significant management judgments and estimates.

Property, plant and equipment.

Property, plant and equipment is stated at cost of acquisition or construction less accumulated depreciation. Cost includes the purchase price, taxes and duties, labor cost and direct overheads for self constructed assets, interest cost during the construction period and other direct costs incurred up to the date the asset is available for use.

Depreciation is charged on a straight line basis over the estimated useful lives of the assets.

We review estimated useful lives on an ongoing basis to ensure that they are appropriate. We test our long-lived assets for impairment using undiscounted cash flows whenever events or circumstances arise that may indicate impairment. If a long lived asset is impaired, it is written down to its estimated fair value. Any assets which relate to discontinued or obsolete vehicle models are written off.

Product Warranty

Vehicle warranties are provided for a specified period of time. Our vehicle warranty obligations vary depending upon the type of the product, geographical location of its sale and other factors.

The estimated liability for vehicle warranties is recorded at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of warranty claims and our estimates regarding possible future incidence based on actions on product failures.

Changes in warranty liability as a result of changes in estimated future warranty costs and any additional costs in excess of estimated costs can materially affect our net income. Determination of warranty liability is based on the estimated frequency and amount of future claims, which are inherently uncertain. Our policy is to continuously monitor warranty liabilities to determine the adequacy of our estimate of such liabilities. Actual claims incurred in the future may differ from our original estimates, which may materially affect warranty expense.

Table of Contents**Employee Benefits.**

Employee benefit costs and obligations are dependent on assumptions used in calculating such amounts. These assumptions include salary increase, discount rates, health care cost trend rates, benefits earned, interest cost, expected return on plan assets, mortality rates and other factors.

While we believe that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect our employee benefit costs and obligations.

Finance Receivables, deferred origination costs and allowance for credit losses.

We finance vehicle sales with hire purchase and loan financing provided to our dealers customers. Finance receivables are reported at their outstanding unpaid principal balance reduced by a valuation allowance.

Origination fees and certain direct origination costs are deferred and amortized as an adjustment to the yield of the related finance receivable.

We recognize specific and unallocated allowance for credit losses for finance receivables, based on our best estimate of losses inherent in the finance receivable portfolio.

The Company provides a specific allowance for credit losses for hire purchase and loan receivables that are in arrears for eleven months and six months or more, respectively, in an amount equivalent to the outstanding principal and interest balance.

B. Liquidity and Capital Resources.

We finance our capital requirements by cash from operations, debt, capital market borrowings and sale of investments. As of March 31, 2008 our borrowings (including short term debt) were Rs.127,805.3 million. We believe that we have sufficient resources available to us to meet our planned capital requirements. However, our sources of funding could be adversely affected by an economic slowdown or other macro economic factors in India, which are beyond our control. A decrease in the demand for our products and services could lead to an inability to obtain funds from external sources on acceptable terms or in a timely manner, or at all. For our loan maturity profile, see Liabilities and Sources of Financing .

Subsequent to March 31, 2008 our shareholders by means of Postal Ballot Notice dated June 5, 2008 (the results were announced on July 14, 2008), approved of the increase in borrowing limits (apart from temporary loans obtained or to be obtained from our bankers in the ordinary course of business) from Rs.120 billion to Rs.200 billion. By means of the same Postal Ballot Notice dated June 5, 2008, our shareholders also approved of our proposal to raise up to Rs.72 billion through three simultaneous but unlinked rights issues. Please refer to Recent Developments Proposed Repayment of Bridge Financing Facility by Way of Long Term Funding Plans for more information about our Long Term Funding Plans.

Cash Flow Data

The following table sets forth selected items from our consolidated statements of cash flows for the periods indicated and shows the percentage change between periods.

	Rs in millions			Percentage Change	
	2006	2007	2008	2006 to 2007	2007 to 2008
Net Cash provided by Operating Activities:	5,666	17,498	35,484	208.9%	102.8%
Net Income	15,011	18,112	14,206		
Adjustments	5,254	7,887	6,670		
Changes in Operating Assets and Liabilities	(14,599)	(8,501)	14,608		
Net Cash used in Investing Activities	9,050	53,964	74,019	496.3%	37.2%
Purchase of Property, Plant and Equipment and Intangible Assets (Net)	10,539	24,236	42,235		
Net Investments, Short Term deposits and Loans given	(20,215)	(6,155)	28,659		
Acquisitions	4,304		90		

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Finance Receivables (net of proceeds from sale)	14,611	36,333	(7,851)		
Restricted deposits with Banks			11,224		
Others	(189)	(450)	(338)		
Net Cash provided by Financing Activities	4,450	38,474	43,646	764.5%	13.4%
Equity Issuance (Net of issue expenses)	259	(1)	(0.1)		
Proceeds from issue of shares by a subsidiary to minority shareholders	415	162	351		
Dividends Paid (including to minority shareholders of subsidiaries)	(5,275)	(5,830)	(7,016)		
Net Borrowings	9,051	44,143	50,311		

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See consolidated statement of cash flows on Pages F-6 and F-7 for details.

Net cash provided by operating activities was Rs.5,666 million, Rs.17,498 million and Rs. 35,484 million in fiscals 2006, 2007 and 2008, respectively.

Cash provided by operating activities in 2008 was Rs. 35,484.0 million. The following factors contributed to cash increase on account of change in operating assets and liabilities of Rs. 14,608 million in 2008.

an increase of acceptances by Rs. 17,118.9 million is mainly due to increase in credit period;

an increase in accounts payable by Rs. 8,010.2 million is due to increase in sales/manufacturing activity.

an increase in accrued expenses and other liability by Rs. 3,721.4 million is mainly due to increase in product warranty expenses and increase in employee compensated absences cost.

The positive factors described above were partially offset by:

an increase of inventories by Rs. 968.2 million, which was mainly due to increase in manufacturing activity relating to our subsidiary Telcon's construction equipment business;

an increase of accounts receivable by Rs. 9,870.5 million due to increase in sales to state/municipal transport undertakings and government undertakings and increase in export receivables.

Net cash used in investing activities was Rs.9,050 million, Rs.53,964 million and Rs. 74,019 million and in fiscal 2006, 2007 and 2008, respectively. During fiscal 2008, cash used in investing activities was primarily towards increase in capital expenditure relating mostly to a capacity expansion of our production facilities and setting up of new plants at Uttarakhand and Singur, introduction of new products, quality and reliability improvement aimed at operating cost reductions. Cash outflow on account of capital expenditures for property, plant and equipment were Rs.10,355 million, Rs.24,122 million and Rs.41,642 million in fiscal 2006, 2007 and 2008, respectively. The company has made strategic investment in affiliates Rs.7,565 million and has held Rs. 11,224 million in bank deposits for funding acquisition of Jaguar Land Rover business.

There was a net cash inflow from financing activities of Rs 4,450 million, Rs.38,474 million and, Rs.43,646 million and during fiscals 2006, 2007 and 2008, respectively During fiscal 2008, we repaid long term debt of Rs.9,280 million, and Rs.40,707.9 million was received from proceeds related to the issue of long term debt. Proceeds from loans were primarily raised through Zero Coupon Convertible Alternative Reference Securities due 2012 (USD).

Certain of our subsidiaries and equity method affiliates have contractual and other limitations in respect of their ability to transfer funds to us in the form of cash dividends, loans or advances. However this has not had and is not expected to have any impact on our ability to meet our cash obligations.

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Balance Sheet Data

Total assets were Rs. 369,279 million and Rs.271,015 million as of March 31, 2008 and 2007, respectively. The increase in total assets during fiscal 2008 was primarily due to a significant increase property, plant and equipment on account of our capital expenditure program, non-current investments, other non-current assets and restricted deposits with banks.

Total shareholders' equity was Rs.105,264 million and Rs.91,369 million as of March 31, 2008 and 2007, respectively. Share capital increased from Rs.3,854 million as of March 31, 2007 to Rs.3,855 million as of March 31, 2008 and additional paid-in- capital increased marginally from Rs.39,711 million as of March 31, 2007 to Rs.39,779 million as of March 31,2008. The increase was attributable to the conversion of outstanding convertible debt securities. As of March 31, 2008, an aggregate of 99.94% of our issued \$100 million 1% Convertible Notes due 2008 and 95.59% of our issued \$100 million Zero Coupon Convertible Notes due 2009 were converted into ADSs/ordinary shares. Retained earnings were Rs.39,125 million and Rs.32,135 million as of March 31, 2008 and March 31, 2007, respectively.

Our total debt stood at Rs. 127,805 million as of March 31, 2008 compared to Rs.79,137 million as of March 31, 2007 while the short term debt relates to increased working capital needs, the long term debt has increased to fund the capital expenditure and investment requirements. The short term debt, excluding the current portion of the long-term debt, was Rs 54,042 million as of March 31, 2008 compared to Rs.33,145 million as of March 31, 2007, while including the current portion of long-term debt, the short-term debt was Rs. 69,013 million as of March 31, 2008 compared to Rs.38,902 million as of March 31, 2007. The long-term debt, excluding the current portion, increased from Rs.40,235 million as of March 31, 2007 to Rs. 58,793 million as of March 31,2008.

Current liabilities other than short-term debt increased by Rs.33,110 million in fiscal 2008 compared to fiscal 2007 due to increase in acceptances, accounts payable and accrued expenses and other current liabilities. The increase in accounts payable and acceptances was due to extended credit period. Other accrued expenses increased mainly due to acquisition expenses and debt issue cost of Rs.3,871.3 million incurred for the acquisition of Jaguar and Land Rover business. See *Recent Developments - Acquisition of the Jaguar Land Rover Business* for more details.

As of March 31, 2008, we had cash and cash equivalents of Rs.11,395 million of which Rs.954 million is held in foreign currencies compared to Rs.7,653 million of which Rs.997 million was held in foreign currencies as of March 31, 2007. Short-term bank deposits were Rs.13 million and Rs.173 million as of March 31, 2008 and March 31, 2007 respectively.

Gross accounts receivables increased by 46.5% during fiscal 2008 by Rs. 9,317 million to Rs.29,348 million as of March 31, 2008 due to higher value of products sold and dues from certain government customers and higher export receivables.

Gross finance receivables (including non-current receivables) stood at Rs 76,325 million as of March 31,2008 compared to Rs. 83,588 million as of March 31, 2007. This decrease was primarily due to transfer of finance receivables during the fiscal 2008.

As of March 31, 2008, inventories stood at Rs.34,340 million compared to Rs.33,923 million as of March 31, 2007 primarily reflecting an increase in prices of commodities, especially steel and non-ferrous metals, inventory of raw materials and components increased during the fiscal year. Inventory number of days decreased to 31 days from 33 days in fiscal 2007.

Our investment portfolio increased from Rs.22,258 million as of March 31, 2007 to Rs.41,228 million as of March 31, 2008. primarily due to the purchase of available-for-sale investments and increase in fair values thereof. As of March 31, 2008, goodwill and intangible assets stood at Rs.10,083 million compared to Rs.10,229 million as of March 31, 2007.

Equity in affiliates increased from Rs.2,690 million as of March 31, 2007 to Rs.9,935 million as of March 31, 2008. The increase is mainly due to additional investment made in FIAPL and ACGL during fiscal 2008.

Capital Expenditure

Capital expenditure aggregated Rs.42,707 million, Rs.25,277 million and Rs.10,734 million during fiscals 2008, 2007 and 2006, respectively. Our capital expenditures during the past three years have related mostly to capacity expansion of our production facilities, the introduction of new products such as the Tata Ace, Magic, Winger and Sumo Grande, quality and reliability improvements aimed at operating cost reductions.

We will continue to invest in our business units and research and development over the next several years, including committed capital expenditures for our ongoing projects, new projects, product development programs, mergers, acquisitions and strategic alliances. In particular, we have been implementing a program to build and expand our presence in the passenger vehicle market and to expand and enhance our leading

position in the Indian commercial vehicle market, both by improving our existing product range and developing new products and platforms.

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We intend to continue to invest in our business units and research and development over the next several years in order to improve our existing product range and developing new products and platforms to build and expand our presence in the passenger vehicle and commercial vehicle categories. We believe this would strengthen our position in India and help us to grow our presence in select international markets.

As a part of this future growth strategy, we also plan to make investments in product development, capital expenditure in capacity enhancement, plant renewal and modernization and to pursue other growth opportunities. These expenditures are expected to be funded largely through cash generated from operations, existing investible surplus in the form of cash and cash equivalents, investment securities and other external financing sources.

Liabilities and Sources of Financing

We fund our short-term working capital requirements with cash generated from operations, overdraft facilities with banks, short and medium term borrowings from lending institutions, banks and commercial paper. The maturities of these short and medium term borrowings and debentures are generally matched to particular cash flow requirements. We had short-term borrowings (including the current portion of long-term debt) of Rs. 69,013 million and Rs.38,902 million as of March 31, 2008 and 2007, respectively. We had unused short-term credit facilities of Rs.41,052 million and Rs.19,871 million as of March 31, 2008 and 2007, respectively.

In July 2003, we raised US\$ 100 million through an offering of 1% convertible notes, due in 2008. The notes are convertible into ordinary shares or global depository shares, at the option of the holder, at a price of Rs.250.745 per ordinary share. The notes are subject to redemption at our option any time after July 31, 2006. Unless previously converted, redeemed or purchased and cancelled, the Notes are redeemable on July 31, 2008 at 116.824% of the principal amount. US\$ 0.06 million of these notes were outstanding as on March 31, 2008. Subsequently, on maturity these outstanding notes were redeemed.

On April 27, 2004, we raised US\$400 million through a two-tranche offering of zero coupon and 1% convertible notes due in 2009 and 2011, respectively. The US\$100 million zero coupon notes, due in 2009, are convertible into ordinary shares or global depository shares at a price of Rs.573.106 per share, subject to adjustment, from and including June 7, 2004 to and including March 28, 2009 and are subject to redemption at our option any time on or after April 27, 2005. The US\$300 million 1% notes, due in 2011, are convertible into ordinary shares or depository shares at a price of Rs.780.400 per share, subject to adjustment, from and including June 7, 2004 to and including March 28, 2011. For each tranche, there is a fixed rate of exchange of on conversion of Rs.43.85 =US\$ 1.00. US\$ 4.4 million of the \$100 million zero coupon notes, due in 2009, were outstanding as on March 31, 2008. None of the US\$ 300 million 1% notes, due in 2011 were converted prior to March 31, 2008.

On March 20, 2006, we issued an aggregate principal amount of JPY 11,760 million (Rs.4,500.3 million) of Zero Coupon Convertible Notes due on March 21, 2011, resulting in proceeds to us of US\$100 million. The noteholders have an option to convert these notes into ordinary shares or ADSs at an initial conversion price of Rs.1,001.39 per share with a fixed rate of exchange on conversion of Rs.1.00 per JPY 2.66, from and including May 2, 2006 to and including February 19, 2011. The conversion price will be subject to certain adjustments. Further, we have a right to redeem in whole, but not in part, these notes at any time on or after March 20, 2009 but prior to February 8, 2011, subject to certain conditions. Unless previously converted, redeemed or purchased and cancelled, these notes will be due for redemption on March 21, 2011, at 99.253% of the principal amount. None of these notes were converted prior to March 31, 2008.

On July 12, 2007, we issued an aggregate principal amount of US\$ 490 million (Rs.19,927.08 million) of zero coupon Convertible Alternative Reference Securities (CARS) due on July 12, 2012. The noteholders have an option to convert these notes (i) in the event there has been a Qualifying Issue (as defined in the Indenture relating to the CARS) by the time of conversion, into Qualified Securities (QSs), or (ii) in the event that there has not been a Qualifying Issue by the time of conversion or there has been a Qualifying Issue but we notify the holders of the CARS (the Holders) that the CARS are no longer convertible into QSs, into our newly issued ordinary shares or ADSs at the option of the Holders. The conversion may be made by the Holders at any time during the period from and including October 11, 2011 to and including June 12, 2012 at an initial conversion price (the Conversion Price) of Rs.960.96 per share (equivalent to US\$ 23.67 at a fixed rate of exchange on conversion of Rs.40.59 = US\$ 1.00 (the Fixed Conversion Rate)). The conversion ratio is subject to adjustment in certain circumstances. Further, we have a right to redeem in whole, but not in part, these notes at any time on or after October 11, 2011, subject to certain conditions. Unless previously converted, redeemed or purchased and cancelled, these notes will be due for redemption on July 12, 2012, at 131.82% of the principal amount.

Subsequent to the Balance Sheet date the company has availed short term finance facility of US\$ 3 billion with a consortium of banks for Jaguar and Land Rover acquisition. For detailed discussion, see [Recent Developments](#) [Acquisition of Jaguar Land Rover Business](#) .

Our ability to incur additional debt in the future is subject to a variety of uncertainties including, among other things, the amount of capital that other Indian entities may seek to raise in the domestic and foreign capital markets, economic and other conditions in India that may affect

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investor demand for our securities and those of other Indian entities, the liquidity of Indian capital markets and our financial condition and results of operations.

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The following table sets forth our short-term and long-term debt position:

	Fiscal 2007	Fiscal 2008
	(Rs. in millions)	
Total short-term debt (excluding current portion of long-term debt)	33,145	54,042
Total current portion of long-term debt	5,757	14,971
Long-term debt net of current portion	40,235	58,792
Total Debt	79,137	127,805

During fiscal 2008 and 2007, the effective weighted average interest rate on our long-term debt was 6.47% and 4.84% per annum, respectively.

As of March 31, 2008, approximately 31.83% of our long-term debt was denominated in rupees and the balance was denominated in dollars and other non-rupee currencies. During fiscal 2008, our effective cost of borrowing increased due to increase in interest rates in India during the fiscal year.

The following table sets forth a summary of the maturity profile for our outstanding long-term debt obligations as of March 31, 2008

Payments Due by Period	Rs. in millions
Within one year	14,971
After one and up to two years	12,910
After two and up to five years	45,873
After five and up to ten years	9
Total	73,763

Some of the long-term debt agreements contain financial covenants that require us to satisfy and/or maintain financial tests and ratios on a non-consolidated basis under Indian GAAP, including debt service coverage ratios, long term debt to equity ratios, minimum net worth and external liabilities to net worth ratios and maintaining non-performing assets of less than 3% of finance receivables. The terms of certain of our long-term debt agreements require us to obtain prior consent for certain specified actions including amendment of our charter documents and for creation of any lien on our properties other than for specified purposes.

As a result of our increase in our long-term debt during fiscal 2008 as compared to fiscal 2007, the ratio of net debt to shareholders' equity (total debt less cash and cash equivalents and liquid marketable securities divided by total shareholders' equity) under US GAAP increased from 0.77 as of March 31, 2007 to 1.1 as of March 31, 2008, respectively. Details of the calculation of this ratio are set forth in Exhibit 7.1 to this annual report.

The following table sets forth our contingent liabilities as of the dates indicated.

	Fiscal 2006	Fiscal 2007	Fiscal 2008
	(Rs. in millions)		
Income Tax	2,837	6,342	4,564
Excise duties	479	869	1,062
Sales tax	1,907	2,463	3,138
Other taxes and claims ⁽¹⁾	1,179	1,161	1,208
Other contingencies ⁽²⁾	24,184	58,083	63,611
Total	30,586	68,918	73,583

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(1) Other taxes and claims include claims by other revenue authorities and distributors. See Item 4.B Business Overview Legal Proceedings , of this annual report.

(2) Other contingencies consisted of:

Rs.6,522 million, Rs.5,700 million and Rs. Nil in fiscal 2006, 2007 and 2008, respectively, with respect to liabilities for bills discounted and export sales on deferred credit,

Rs.5,113 million ,Rs.11,767 million and Rs. 27,879 million in fiscal 2006, 2007 and 2008, respectively, with respect to other guarantees, including with respect to receivables assigned by way of securitization, and

Rs.12,549 million, Rs.40,616 million and Rs.35,732 million in fiscal 2006, 2007 and 2008, respectively, with respect to executory contracts on capital accounts not otherwise provided for.

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On an ongoing basis, our legal department reviews pending cases, claims by third parties against us and other contingencies. For the purposes of financial reporting, we periodically classify these matters into gain contingencies and loss contingencies. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable. For loss contingencies that are considered probable, an estimated loss is recorded as an accrual in our accounts and, if the matter is material, the estimated loss is disclosed in our financial statements. We do not consider any of these matters to be individually sufficiently material to warrant disclosure in our financial statements. Loss contingencies that are considered reasonably possible are not provided for in our accounts, but if we consider such contingencies to be material, individually or in the aggregate, they are disclosed in our financial statements. Most loss contingencies are classified as reasonably possible unless clearly frivolous, in which case they are classified as remote and are monitored by our legal department on an ongoing basis for possible deterioration. We do not disclose remote matters in our financial statements. See note 23 of our audited consolidated financial statements for additional information regarding our material claims and contingencies.

Since fiscal 1997, we have benefited from participation in the Export Promotion Capital Goods Scheme, or the EPCG Scheme, which permits us to import capital equipment under a special license at a substantially reduced customs duty, subject to us fulfilling an obligation to export goods manufactured or produced by the use of capital equipment imported under the EPCG Scheme to the value of a multiple of the cost insurance and freight value of these imports or customs duty saved, over a period of 8 or 12 years from the date of obtaining the special license. We currently hold 44 licenses that require us to export our products of a value of approximately Rs.88.47 billion between 2002 and 2015, and we carefully monitor our progress in meeting our incremental milestones. After fulfilling some of the export obligations, the remaining obligation to exports products of value is Rs.52.91 billion by March 2015. In the event that the export obligation under the EPCG Scheme is not fulfilled, we would have to pay the differential between the reduced and normal duty on the goods imported along with interest. In view of our past record of exceeding our export milestones, and our current plans with respect to our export markets, we do not currently foresee any impediments to meeting our export obligations in the required time frame.

Finance Receivables

In fiscal 2008 and fiscal 2007, 34% and 31%, respectively, of our sales volumes were financed under hire-purchase/loan contracts to our dealer s customers. As of March 31, 2008 and 2007, our customer finance receivable portfolio was comprised 528,307 and 383,783 contracts, respectively, with gross finance receivable of approximately Rs.203,673 million, and Rs.157,330 million respectively. We follow specified internal procedures including quantitative guidelines for selection of our finance customers to assist in managing default and repayment risk in our portfolio. We originate all the contracts through our authorized dealers and direct marketing agents with whom we have agreements. All our marketing, sales and collection activities are undertaken through dealers or directly by us including our division known as Tata Motorfinance and our subsidiary company Tata Motors Finance Limited.

We securitize or sell most of our finance receivables in the normal course of business. We undertake a sale of the receivables in respect of finance agreements due from pools of purchasers. The constitution of these pools is based on criteria that are decided by credit rating agencies and/or based on the advice that we receive as to the marketability of a pool. We undertake these securitizations of our receivables in either or both of the following forms:

assignment of the receivables due from purchasers under hire-purchase / loan agreements; and

securitization of receivables due from purchasers by means of private placement.

We act as collection agent on behalf of the investors, representatives, special purpose vehicles or banks in whose favor the receivables assigned, for the purpose of collecting receivables from the purchasers on the terms and conditions contained in the applicable deeds of securitization in respect of which pass-through certificates are issued to investors in case of special purpose vehicles, or SPVs. We also secure the payments to be made by the purchasers of amounts constituting the receivables under the hire-purchase/loan agreements to the extent specified by rating agencies by any one or all of the following methods:

by furnishing to the investors collateral, in respect of the obligations of the purchasers and the undertakings to be provided by us;

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by furnishing, in favor of the investors, 10% to 30% of the gross receivables as cash collateral either by way of a fixed deposit or bank guarantee to secure the obligations of the purchasers and our obligations as the collection agent, based on the quality of receivables and rating assigned to the individual pool of receivables by the rating agency (ies); and

by way of over-collateralization or by investing in subordinate pass-through certificates to secure the obligations of the purchasers.

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The following table sets forth details of the transfer of finance receivables undertaken by us as of the periods indicated:

	Fiscal 2007	Fiscal 2008
	(Rs. million)	
Securitized value	122,967	218,635
Balance payable	59,847	111,345
Overdue as a % of amount securitized	2.2%	1.7%

Recent Developments.**Acquisition of the Jaguar Land Rover Business**

On June 2, 2008, we completed the acquisition of Jaguar Land Rover from Ford for a purchase consideration of US\$ 2.3 billion in an all cash transaction. Jaguar Land Rover is a global premium automotive business which designs, engineers and manufactures Jaguar luxury performance cars and Land Rover premium all-terrain vehicles. Jaguar Land Rover produces nine vehicle lines with sales of 288,544 units for the year ended December 31, 2007 and operates three vehicle manufacturing facilities in the United Kingdom and employs about 16,000 employees. The purchase consideration was paid by our indirect subsidiary, JaguarLandRover Limited. As part of the acquisition, we acquired the global businesses relating to Jaguar Land Rover including three major manufacturing facilities and two advanced design and engineering facilities in the United Kingdom, 26 national sales companies throughout the world, intellectual property rights including perpetual royalty free licenses, brands and trademarks and a minimum capital allowance of approximately US\$ 1.1 billion. Ford contributed US\$ 600 million to the Jaguar Land Rover pension plans prior to the acquisition. The acquisition was made on a cash free, debt-free basis.

The strengths of Jaguar Land Rover include its internationally recognized brands, strong product portfolio of award winning luxury performance cars and premium all-terrain vehicles, brand specific global distribution network, strong research and development capabilities, and a strong management team which has strengthened its business operations. We anticipate that our acquisition and operation of Jaguar Land Rover will result in benefits to us, including (i) immediate entry to the luxury performance car and premium all-terrain vehicle segments; (ii) an improvement in our global market position through a combination of resources and strengths; (iii) strengthening of technological and product development/ innovation capabilities to address changing market trends; (iv) sharing of best practices in manufacturing and quality assurance systems and processes; (v) enhanced human capital and managerial talent; and (vi) potential operational synergies.

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The purchase consideration of US\$ 2.3 billion paid by JaguarLandRover Limited was financed through a capital contribution of US\$ 400 million and a portion of the proceeds from a US\$ 3,000 million short term bridge loan facility extended to JaguarLandRover Limited. In addition to the purchase consideration, US\$ 100 million was paid by our subsidiary, TML Holdings Pte. Limited, towards fees and other acquisition expenses consisting of legal and advisory fees, due diligence and related expenses, structuring fees, underwriters fees and other expenses in relation to the short term bridge loan, and other acquisition related expenses.

The US\$ 3,000 million short term bridge loan facility extended to JaguarLandRover Limited in connection with the acquisition of Jaguar Land Rover was pursuant to a credit facility agreement dated March 13, 2008 with an initial group of lenders including the Bank of Tokyo-Mitsubishi UFJ Limited, Citigroup Global Markets Asia Limited, ING Bank N.V., Singapore Branch, J.P. Morgan Securities (Asia Pacific) Limited, Mizuho Corporate Bank Limited, Standard Chartered Bank, State Bank of India and BNP Paribas, Singapore Branch. TML and TML Holdings Pte Limited are also party to the aforementioned credit facility agreement. In addition to the US\$ 1,900 million borrowed by JaguarLandRover Limited to fund a portion of the purchase consideration for the acquisition of the Jaguar Land Rover businesses, US\$ 700 million of the proceeds from the short term bridge loan were utilized as a working capital loan to Jaguar Land Rover. The balance of the proceeds from the short term bridge loan are intended to be utilized by JaguarLandRover Limited towards the ongoing requirements of Jaguar Land Rover.

As part of the transaction, Ford has entered into long term agreements with Jaguar Land Rover to ensure the smooth transition of Jaguar Land Rover from Ford. In this regard,

1. Long term agreements have been entered with Ford for technology sharing and joint development providing technical support across a range of technologies focused mainly around powertrain engineering such that Jaguar Land Rover may continue to operate according to its existing business plan;
2. Supply Agreements, ranging for a duration of seven to nine years, were entered into with Ford for (i) the long term supply of engines developed by Ford, (ii) engines developed by Jaguar Land Rover but manufactured at Ford plants and (iii) engines from Ford-PSA cooperation;
3. Transitional Support Agreements of varying durations of up to 18 months were entered into with Ford for support in areas such as information technology, accounting and treasury services, marketing and purchasing services; and
4. Ford Motor Credit Company (Ford Motor Credit) will continue to provide consumer and wholesale credit support to the dealers and customers of Jaguar Land Rover for up to 12 months in various markets following our acquisition of Jaguar Land Rover. We have selected Fiat Group Automobiles Financial Services to support the Jaguar Land Rover business in Europe and the U.K. We are in advanced stages of negotiations with leading auto finance providers for automotive financing services to support the Jaguar Land Rover business in U.S and expect to select financial services partners shortly in other key markets.

Proposed Repayment of Bridge Financing Facility by way of Long Term Funding Plans

The Company intends to refinance the short term bridge loan through the following fund raising plans, which we refer to as the Long Term Funding Plans, pursuant to resolutions passed by the Board of Directors of the Company at its meetings held on May 28, 2008 and August 20, 2008 and pursuant to resolution passed by the Committee of Directors at its meeting held on September 2, 2008,:

- 1) Simultaneous but unlinked rights issue of (i) Ordinary Shares of Rs. 21,853.9 million and (ii) A Ordinary Shares having differential voting rights of Rs. 19,604.2 million. The unlinked rights issue is scheduled to open on September 29, 2008 and close on October 20,2008. The rights issue has not been and will not be registered under the Securities Act. Our ADS depository will seek to dispose of the rights entitlements in respect of the shares represented by our ADSs and distribute any resulting net proceeds to ADS holders in accordance with the ADS deposit agreement.
- 2) Issuance of Ordinary Shares, A Ordinary Shares and/or securities linked to, or convertible into Ordinary Shares/ A Ordinary Shares, including, but not limited to, depositary receipts in the international market for an amount aggregating approximately US\$ 500/600 million; and
- 3) Raise the balance amount through other measures such as monetization of a part of the Company's investments through a phased divestment of certain investments at prevailing market prices, and asset based lending facilities and optionally convertible loans at Jaguar Land Rover/ JaguarLandRover Limited.

Shareholders have approved of the plans outlined in paragraph 1 and 2 through a Postal Ballot Notice, the results of which were announced on July 14, 2008. With regards to paragraph 2 above, the Company has received the approval of its shareholders to raise up to US\$ 1 billion on July 14, 2008. The balance of the approved amount after considering the issuance of securities under paragraph 2 above and other contingencies

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will be used for raising additional resources through an appropriate debt or offer of securities to fund the future growth plans of the Company, as may be necessary.

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The issuance of Ordinary Shares and/or A Ordinary Shares by the Company, whether directly or following the exercise of rights or warrants or the conversion of convertible securities, will dilute the equity interests of the Company's shareholders and could depress the prevailing market price of the Company's shares. Additionally, the Company has outstanding convertible debt securities that may be converted into equity securities and this could further dilute the equity interests of the Company's shareholders. In addition, the execution of our refinancing plan is subject to a variety of uncertainties including, among other things, the amount of capital that other entities may seek to raise in the capital markets, receipt of regulatory or corporate approvals that are necessary, market conditions, foreign exchange movements, and other conditions that may affect investor demand for the Company's securities, the liquidity of the capital markets and the Company's financial condition and results of operations.

We currently expect to use the funds raised from the Long Term Funding Plans described above for the following purposes: (i) prepay the bridge financing facility entered into in connection with our acquisition of Jaguar Land Rover and (ii) fund our working capital and for other general corporate purposes.

Board of Directors

On June 27, 2008, we appointed Mr. Nasser Munjee and Mr. Subhodh Bhargava to the Board of Directors. Please see Item 6. Directors, Senior Management and Employees for more information regarding Mr. Nasser Munjee and Mr. Subhodh Bhargava.

New Product Developments

On July 8, 2008, we introduced a new range of Super Milo bus chassis, which provide for a 8 to 10% greater fuel efficiency over the older models. The Super Milo range is now available in two variants, City and Highway, each with customized parameters calibrated for their individual applications. Key features of the Super Milo bus range include:

Exclusive drivelines (gear box & rear axle) for different applications helps customers choose the relevant variant depending on the application.

Radial tyres for better comfort, safety and mileage.

Organic clutch with booster assist for longer clutch life, enhanced driver comfort, and reduced driver fatigue.

Bigger air intake system for proper combustion of fuel, resulting in better fuel mileage.

Improved oil change period of 18,000 kms for city, and 36,000 kms for highway applications, resulting in lower maintenance costs. In August 2008, we launched the Indica Vista. The Vista is powered by a range of internationally acclaimed powertrains the new 75 bhp 1.3L Quadrajel Common Rail Diesel engine and the 65bhp, 1.2L CVCP Safire MPFI petrol engine.

Table of Contents**Acquisitions by Subsidiaries**

During fiscal 2009, our subsidiary, Telcon, acquired two Spanish companies to strengthen its product offerings. Telcon acquired a 79% controlling stake in Serviplot S.A, an European construction equipment company based in Zaragoza, Spain. Serviplot, S.A. ranks amongst the top six in transit mixers, dry bulk tankers and pumps worldwide. This acquisition provides Telcon with the opportunity to enter the concrete value chain and participate in two important growth economies – India and China. Telcon also acquired 60% of the controlling stake in Comoplesa Lebrero S.A., an European construction equipment company based in Zaragoza, Spain. Telcon's acquisition of Comoplesa Lebrero S.A. will provide Telcon with access to compaction equipment technology.

Capacity Expansion at Singur

The plant under construction at Singur for manufacture of Tata Nano on the land leased to us by the State Government is currently facing opposition due to political disputes over the process followed by the State Government in the acquisition of the land. While the land acquisition has been validated by the Calcutta High Court, the political disputes have persisted. Due to recent disturbances, we have temporarily suspended activities at the Singur site and are exploring alternative options at our existing/new sites.

Divestment of stake in Tata Companies

During fiscal 2009, we divested 24% stake in Tata AutoComp Systems Limited (TACO) aggregating Rs.1,610.2 million to Tata Capital. Post divestment, we hold 26% stake in TACO. During fiscal 2009, we sold 1.36% stake in Tata Steel Limited to Tata Sons Limited aggregating Rs.4,854.5 million. The said sale proceeds would form part of the resources to be raised for repaying the bridge loan taken for the Jaguar Land Rover acquisition.

C. Research and Development, Patents and Licenses, etc.

Please see Item 4.B of this annual report for the information required by this item.

D. Trend Information.

Please see Item 5.A of this annual report for the information required by this item.

E. Off-balance Sheet Arrangements

We use off-balance sheet arrangements where the economics and sound business principles warrant their use. Our principal use of off-balance sheet arrangements occurs in connection with the securitization and sale of finance receivables generated in the ordinary course of our business. The receivables securitized and transferred consist primarily of retail loans secured by vehicles sold through our dealer network.

Assets in off-balance sheet entities were as follows:

	Fiscal 2007	Fiscal 2008	Fiscal 2008
	(Rs. in millions)		(in US\$ millions)
Finance receivables	59,847	111,345	2,782

We have provided guarantees/collaterals aggregating Rs. 27,879 million as of March 31, 2008 relating to certain securitized receivables to certain special purpose entities, or SPEs. Our liability would become non-contingent in the event customers fail to fulfill their obligations under the contract and the SPE serves us a notice of shortfall in collections. The term of each guarantee depends upon the weighted average term of each pool of finance receivables securitized. In the event the guarantee is invoked, we have the right against the borrower to repossess the vehicle financed and to auction the vehicle. The maximum potential amount of future payment that we may be required to make under these guarantees is Rs 27,879 million as of March 31, 2008. We have recognized a liability of Rs 1,808 million for these guarantees.

Table of Contents**Tabular Disclosure of Contractual Obligations**

	Payments due by Period (Rs. in millions)				
	Total	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years or more
Long Term Debts	73,764	14,971	24,218	34,565	10
Capital Leases	335	111	185	39	
Operating Leases	9,439	213	313	228	8,685
Purchase obligations	35,732	34,090	1,642		
Other Liabilities	9,469	15	5,877	876	2,701
Total	128,739	49,400	32,235	35,708	11,396

Item 6. Directors, Senior Management and Employees.**A. Directors and Senior Management.****Board of Directors.**

Under our Articles of Association, the number of our Directors cannot be less than three nor more than fifteen. At present, there are twelve Directors, including a nominee Director of Tata Steel Limited, or Tata Steel. Our Board of Directors, or the Board, has the power to appoint Managing Directors and Executive Directors.

Our Articles of Association provide that the Board of Directors of Tata Steel, which, with its subsidiary, owns, as of March 31, 2008, 8.62% of our shares, has the right to nominate one Director (the Steel Director) to the Board. Dr. J.J. Irani is the current nominee Director of Tata Steel.

In addition, our Articles of Association provide that (a) our debenture holders have the right to nominate one Director (the Debenture Director) if the trust deeds relating to outstanding debentures require the holders to nominate a Director; and (b) Financial Institutions in India, have the right to nominate two Directors, (the Financial Institutions Director) to the Board pursuant to the terms of loan agreements. Currently, there is no Debenture Director or Financial Institutions Director on the Board.

The Directors may be appointed by the Board or by a General Meeting of the shareholders. The Board may appoint any person as an additional Director, but such a Director must retire at the next Annual General Meeting unless re-elected by the shareholders after complying with the provisions of the Companies Act. A casual vacancy caused on the Board due to death or resignation of a sitting member can be filled by the Board; but such a person can remain in office only for the unexpired term of the person in whose place he was appointed. On the expiry of the term, he will retire unless re-elected by the shareholders. The Board may appoint an Alternate Director in accordance with the provisions of the Companies Act to act for a Director during his absence, which period of absence shall not be less than three months.

Two-thirds of the total numbers of Directors on the Board are subject to retirement by rotation, and of these Directors, one third must retire every year. The Directors to retire are those who have been the longest in office. Our Directors are not required to hold any of our shares by way of qualification shares.

As of March 31, 2008, our Directors and Executive Officers, in their sole and joint names, beneficially held an aggregate of 77,572 shares (approximately 0.02% of our issued share capital). In addition, some of our Directors hold as trustees for various non-affiliated trusts, an aggregate of 354,976 shares (representing approximately 0.09% of our issued share capital).

The following table provides information about our current Directors, Executive Officers and Chief Financial Officer as at September 24, 2008:

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Name	Position	Date of Birth/ Business Address⁽¹⁾	Year appointed as Director or Executive Officer or Chief Financial Officer	Expiration of Term	Number of shares beneficially owned as of September 24, 2008⁽²⁾
Ratan N. Tata	Chairman	Dec. 28, 1937	1981	2011	65,510
N.A. Soonawala	Director	Jun. 27, 1935	1989	2010	Nil
J.J. Irani	Director	Jun. 2, 1936	1993	Non-rotational	3,265

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Name	Position	Date of Birth/ Business Address ⁽¹⁾	Year appointed as Director or Executive Officer or Chief Financial Officer	Expiration of Term	Number of shares beneficially owned as of September 24, 2008 ⁽²⁾
V.R. Mehta	Director	Jan. 12, 1934	1998	2009	9,332
R. Gopalakrishnan	Director	Dec. 25, 1945	1998	2011	3,750
N.N. Wadia	Director	Feb. 15, 1944	1998	2009	Nil
Ravi Kant	Managing Director & CEO	Jun. 1, 1944	2000	Non-rotational	Nil
S. M. Palia	Director	Apr. 25, 1938	2006	2010	200
P. M. Telang	Executive Director	Jun. 21, 1947	2007	Non-rotational	2,680
R. A. Mashelkar	Director	Jan. 1, 1943	2007	2011	Nil
Nasser Munjee	Director	Nov 18, 1952	2008	2009	Nil
Subodh Bhargava	Director	Mar 30, 1942	2008	2009	Nil
C. Ramakrishnan	Chief Financial Officer	Jun. 27, 1955	2007		372

- (1) The business address of each of our Directors, Executive Officers and Chief Financial Officer, other than as described immediately below, is Bombay House, 24 Homi Mody Street, Mumbai 400 001. The business address of V.R. Mehta is G12, South Extension, Part II, New Delhi 110049, India, the business address of N.N. Wadia is The Bombay Dyeing & Manufacturing Co. Ltd., Hemming Building Office, Pandurang Budhkar Marg, Prabhadevi, Mumbai 400 025, India, the business address of S. M. Palia is 16, Ruchir Bungalows, Vastrapur, Beyond Sarathi Hotel, Ahmedabad-380054, the business address of R. A. Mashelkar is Raghunath, D-4, Varsha Park, Baner, Pune 411045, India, the business address of Mr. Nasser Munjee is Benedict Villa, House No.471, Saudevado, Chorao Island, Tiswadi, Goa - 403102, India, the business address of Mr. Subhodh Bhargava is Tata Communications Limited, VSB Bangla Sahib Road, New Delhi - 110001, India.
- (2) Each of our Directors, Executive Officers and Chief Financial Officer beneficially owns less than 1% of our shares as of March 31, 2008.

Biographies

Set forth below is a short biography of each of our Directors, Executive Officers and Chief Financial Officer:

Mr Ratan N Tata (Chairman), Mr Tata holds a B.Sc. (Architecture) degree with structural engineering from Cornell University, USA and has completed the Advanced Management Program at Harvard Business School, USA. He joined the Tata Group in 1962. As Chairman of Tata Industries Limited since 1981, he was responsible for transforming the company into a Group strategy think-tank and a promoter of new ventures in high technology businesses. In 1991, Mr Tata was appointed Chairman of Tata Sons Limited, the holding company of the Tata Entities and currently holds the chairmanships of major Tata companies. During his tenure, the Group's revenues have grown over ten-fold to annualised Group revenues of \$62.5 billion. Mr Tata is on the Central Board of the Reserve Bank of India, a Member of the Prime Minister's Council on Trade and Industry besides being a member of various global councils. He is also the chairman of two of the largest private sector promoted philanthropic trusts in India. Mr Tata is associated with various organizations in India and abroad.

The Government of India honored Mr Tata with its second highest civilian award, the Padma Vibhushan, in 2008. Earlier, in 2000, he had been awarded the Padma Bhushan. He has also been conferred an honorary doctorate in business administration by the Ohio State University, an honorary doctorate in technology by the Asian Institute of Technology, Bangkok, an honorary doctorate in science by the University of Warwick, and an honorary fellowship by the London School of Economics. Mr Tata has been on the Company's Board since over 19 years including 13 years in an executive capacity and is actively involved with product development and other business strategies pursued by the Company. One of his achievements include designing and developing an indigenous Indian car - Indica which besides creating a record of sorts, is one of the leading products in its category in the car market.

Mr. N A Soonawala: Mr. N A Soonawala is a commerce graduate from the University of Bombay and a Chartered Accountant from the Institute of Chartered Accountants of India. He has wide exposure in the field of Finance, having worked with ICICI, the World Bank and the International Finance Corporation, Washington. He joined Tata Sons Limited in 1968 and is a director of various Tata Companies and committees. Mr. Soonawala has been on the Board of the Company since May 1989.

Dr. J J Irani: Dr. Jamshed Irani obtained a B.Sc. degree from Science College, Nagpur in 1956 with a Gold Medal in Geology and a M.Sc. (Geology) degree from the Nagpur University in 1958, both with first class. He also obtained M.Met. and Ph.D. degrees from the University of Sheffield, UK, in 1960 and 1963 respectively, with a Gold Medal for the Ph.D. Thesis. In 1993, the University of Sheffield conferred upon him the honorary degree of Doctor of Metallurgy. In 1996, the Royal Academy of Engineering, London elected him as a foreign member and he is amongst the five Indians who have been bestowed with this honour. Dr. Irani was conferred honorary knighthood in 1997 by the Queen of

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England for his contribution towards strengthening the Indo-British Partnership. He is also on the boards of various Tata Companies and has been on the Company's Board as a Tata Steel Nominee since June 1993.

Mr. V R Mehta: Mr. V R Mehta holds a Bachelor of Engineering (Honours) degree and has considerable financial and project evaluation expertise, both at national and international levels. He worked as a senior expert for the Asian Development Bank, Manila and earlier held senior level positions in the Ministries of Railways and Shipping & Transport. He played a key role in financial

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revamping and rationalization of operations of major ports in India and participated in diplomatic missions and represented the Government in international conferences. Mr. Mehta was the founder managing director of the Dredging Corporation of India. Mr. Mehta has been and continues to be also on the boards of a number of other companies in his individual capacity or representing financial institutions or foreign companies. Mr. Mehta has been on the Board of Company since June 1998 as a representative of a financial institution. He ceased to be an Institutional Director and was appointed as an Additional Director of the Company on October 25, 2005.

Mr. R Gopalakrishnan: Mr. Gopalakrishnan holds a Bachelor's degree in Science and a B.Tech (Electronics) degree from the IIT, Kharagpur. He is also an executive director of Tata Sons Limited and a member of the group executive office of Tata Sons Limited, besides being on the Boards of various Tata Companies. Prior to joining the Tata Group in August 1998, Mr. Gopalakrishnan was the vice chairman of Hindustan Lever Limited. Mr. Gopalakrishnan has been a non-executive Director on the Board of the Company since December 22, 1998.

Mr. Nusli N Wadia: Educated in the UK, Mr. Wadia is the chairman of Bombay Dyeing & Manufacturing Company Limited and heads the Wadia Group. He is also the chairman/trustee of various charitable institutions and non-profit organizations. Mr. Wadia has been on the Company's Board since December 22, 1998.

Mr. S M Palia: Mr S M Palia, a B.Com., LLB., CAIIB and AIB (London) is a Development Banker by profession. He was with IDBI from 1964-1989 during which period he held various responsible positions including that of an executive director. He has also acted as an advisor to Industrial Bank of Yeman, Saana (North Yeman) and Industrial Bank of Sudan, Khartoum (Sudan) under World Bank Assistance programmes. He was also the managing director of Kerala Industrial and Technical Consultancy Organisation Limited, set up to provide consultancy services to micro enterprises and small and medium enterprises. Mr. Palia is on the Boards of various companies in the industrial and financial service sectors and is also actively involved as a trustee in various NGOs and Trusts. He was appointed as a Director of the Company on May 19, 2006.

Dr. R A Mashelkar: Dr. Mashelkar is an eminent chemical engineering scientist and has recently retired from the post of director general from the Council of Scientific & Industrial Research. Dr. Mashelkar is the President of Indian National Science Academy, National Innovation Foundation, Institution of Chemical Engineers, UK and Global Research Alliance, a network of 60,000 scientists from five continents and has been honoured with honorary doctorates from 26 universities, including Universities of London, Salford, Pretoria, Wisconsin and Delhi. Dr. Mashelkar has also been elected as Fellow/Associate of Royal Society, London, National Academy of Science, USA, US National Academy of Engineering, Royal Academy of Engineering, U.K. and World Academy of Art & Science, USA. Dr. Mashelkar has won over 50 awards and medals at national and international levels, including the JRD Tata Corporate Leadership Award and the Stars of Asia Award (2005). Dr. Mashelkar through leadership of various organizations/ Government Committees has propagated innovation and intellectual property rights and India's science and technology policies. He is a Padmashri (1991) and Padmabhushan (2000) winner. He was appointed as a Director of the Company on August 28, 2007.

Mr. Nasser Munjee: Mr. Munjee holds a Bachelor's degree from Chicago and a Master's degree from the London School of Economics, UK. His journey in financial sector began with HDFC where he served for over 20 years at various positions including as its executive director. He was the managing director of Infrastructure Development Finance Company Limited till March 2004. Presently he is the chairman of Development Credit Bank since June 2005 and is also on the board of directors of various multinational companies and trusts. Mr. Munjee is a technical advisor on the World Bank-Public Private Partnership Infrastructure and Advisory Fund. He is also associated with several public and private institutions as chairman and member of the board or trustee. He was appointed as a Director of the Company on June 27, 2008.

Mr. Subodh Bhargava: Mr. Subodh Bhargava holds a degree in Mechanical Engineering from the University of Roorkee and retired from Eicher Group of Companies as group chairman and chief executive in March 2000. He was the past president of the confederation of Indian Industry and the Association of Indian Automobile Manufacturers and the vice president of the Tractor Manufacturers Association. He was also a member of the Insurance Tariff Advisory Committee, the Economic Development Board of the government of Rajasthan. He has held various prominent positions on various Chambers/Associations in the field of research in engineering and technology and technical and management education and is currently associated as a director of several Indian corporates, including Tata Communications Limited and Tata Steel Limited. He was appointed as a Director of the Company on June 27, 2008.

Mr. Ravi Kant: Mr. Ravi Kant holds a Bachelor of Technology degree from the Indian Institute of Technology, Kharagpur and a Masters in Science from the University of Aston, Birmingham, UK. Mr. Kant has wide and varied experience in the manufacturing and marketing field, particularly in the automobile industry. Prior to joining the Company, he was with Philips India Limited as director of Consumers Electronics business and prior to which with LML Limited as senior executive director (marketing) and Titan Watches Limited as vice president (sales & marketing). Mr. Kant was also employed with Kinetic Engineering Limited and Hawkins Cookers Limited. Mr. Kant has been with the Company since July 2000 as the executive director (commercial vehicle business unit) responsible for manufacturing & marketing of the Commercial Vehicle Business Unit. He has been appointed as Managing Director of the Company effective July 29, 2005.

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Mr. P M Telang: Mr. Prakash Telang holds a Bachelor's Degree in Mechanical Engineering and a MBA from IIM, Ahmedabad. Mr. Telang has over three decades of functional expertise in the automotive industry and machinery manufacturing. After spending the first three years of his career with M/s Larsen & Toubro, he joined the Tata Group through the Tata administrative service cadre. He is responsible for product development, manufacturing, sales and marketing functions of the strategic business unit of light & small commercial vehicles. Mr. Telang has been appointed as Executive Director (Commercial Vehicles) of the Company on May 18, 2007.

(Chief Financial Officer)

Mr. C. Ramakrishnan. Mr. C. Ramakrishnan, aged 51 years, joined Tata Motors Limited in 1980. He handled corporate treasury and accounting functions as well as management accounting. After a two-year company-wide IT project responsibility covering R&D, manufacturing, sourcing and sales & service, he has been working in the Chairman's Office for the last 6 years. Mr. Ramakrishnan holds a B.Com. degree and is a qualified Chartered Accountant and Cost Accountant. Mr. Ramakrishnan was appointed as the Chief Financial Officer of Tata Motors with effect from September 18, 2007.

There is no family relationship between any of our Directors, Executive officers or Chief Financial Officer.

B. Compensation.

The following table provides the annual compensation paid to our Directors and Executive Officers for fiscal 2008.

Name	Position	Remuneration ² (in Rupees)
Ratan N. Tata ^{4,5}	Chairman	16,302,000
N.A. Soonawala	Director	4,570,000
J.J. Irani	Director	2,050,000
V.R. Mehta ⁴	Director	7,425,000
R. Gopalakrishnan ⁵	Director	2,740,000
N.N. Wadia	Director	1,660,000
S.A. Naik ⁸	Director	560,000
S.M. Palia	Director	2,860,000
R A Mashelkar	Director	1,180,000
Ravi Kant ³	Managing Director & CEO	31,750,000
P.P. Kadle ^{3,5,6}	Executive Director & CFO	13,465,000
P.M.Telang ¹	Executive Director	19,345,000
C. Ramakrishnan ^{3,5,7}	Chief Financial Officer	11,026,000

1 Appointed as Executive Director w.e.f. May 18, 2007

2 Includes salary, allowance, taxable value of perquisites, commission and our contribution to provident fund and superannuation fund for Managing/Executive Directors/Chief Financial Officer and sitting fees and commission for Non-Executive Directors.

3 Rounded to nearest thousands of rupees and excludes provision for encashable leave and gratuity as a separate actuarial valuation is not available.

4 The remuneration paid to Mr. V. R. Mehta includes sitting fees and commission paid by Telco Construction Equipment Company Limited and sitting fees paid by Tata Motors Finance Ltd. and for Mr. R. N. Tata sitting fees paid by Tata Motors European Technical Centre plc.

5 The above does not include Employee Stock Options granted by TTL, our unlisted subsidiary. Mr. R. N. Tata has been granted 100,000 options under the TTL ESOP Plan. He did not exercise any options during the FY ended March 31, 2008. The total options exercised by him as on March 31, 2008 were NIL. Mr. R. Gopalakrishnan, Mr. C. Ramakrishnan and Mr P P Kadle had already exercised 25,000 options each, granted to them under the TTL ESOP Plan. Therefore, no stock options were exercised by them during the year ended on March 31, 2008. No new stock options were granted to them during the year ended on March 31, 2008.

6 Ceased to be Executive Director and Chief Financial Officer with effect from September 18, 2007.

7 Chief Financial Officer with effect from September 18, 2007.

8 Ceased to be Director w.e.f. July 9, 2007.

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Apart from the above, the Managing and Executive Director are also eligible to receive special retirement benefits at the discretion of the Board on their retirement, which include housing, monthly pension and medical benefits.

Our Managing Director and our Executive Director are entitled to six months salary as severance fees upon termination of their contracts by us.

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C. Board Practices.

The Board size of twelve directors is commensurate with our size and in line with the industry. The Board consists of executive, non-executive and independent directors. Appointments of new directors are considered by the full Board and our shareholders at each year's Annual General Meeting.

The roles of the Chairman and the Chief Executive Officer are distinct and separate with appropriate powers being delegated to the Managing Director and the Executive Directors to perform the day to day activities of the Company.

The Board, along with its Committees, provides leadership and guidance to our management, in particular with respect to corporate governance, business strategies and growth plans, the identification of risks and their mitigation strategies, entry into new businesses, product launches, demand fulfillment and capital expenditure requirements, and the review of our plans and targets.

The Board has delegated powers to the Committees of the Board through written/stated terms of reference and oversees the functioning operations of the Committees through various circulars/minutes circulated to it. The Board also undertakes our subsidiaries' oversight functions through review of their performance against their set targets, advises them on growth plans and, where necessary, gives strategic guidelines.

Committees.

The Audit Committee comprises the following three independent directors: V. R. Mehta, Chairman, S. M. Palia, S. A. Naik (until July 2007), N. N. Wadia (from July 2007 to September 2007) and Dr. R. A. Mashelkar (from September 2007). The scope of the Audit Committee includes:

Reviewing the quarterly financial statements before submission to the Board, focusing primarily on:

any changes in accounting policies and practices and reasons for any such change;

major accounting entries involving estimates based on an exercise of judgment by Management;

qualifications in draft audit reports;

significant adjustments arising out of audits;

compliance with accounting standards;

analysis of the effects of alternative GAAP requirements on the financial statements;

compliance with listing and other legal requirements concerning financial statements;

disclosure of related party transactions;

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review Reports on the Management Discussion and Analysis of financial condition Report, Results of Operations and the Directors Responsibility Statement;

overseeing our financial reporting process and the disclosure of its financial information, including any earnings press release, to ensure that the financial statements are correct, sufficient and credible; and

disclosures made under the CEO and CFO certification to the Board and investors.

Reviewing with the management, external auditor and internal auditor the adequacy of our internal control systems and recommending improvements to the management.

Recommending the appointment / removal of the statutory auditor, fixing audit fees and approving non-audit, consulting services provided by the firms of statutory auditors to us and our subsidiaries; evaluating auditors performance, qualifications and independence.

Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, coverage and frequency of internal audits, appointment, removal, performance and terms of remuneration of the chief internal auditor.

Oversight of the companies external financial reporting and monitoring components of internal control over financial reporting.

Discussing with the internal auditor and senior management, significant internal audit findings and follow-up thereon.

Reviewing the findings of any internal investigation by the internal auditor into matters involving suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting any such matters to the Board.

Discussing with the external auditor before the audit commences the nature and scope of such audit, as well as conducting post- audit discussions to ascertain any area of concern.

Reviewing our financial and risk management policies.

Reviewing the effectiveness of the system for monitoring compliance with laws and regulations.

Initiating investigations into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

Reviewing the functioning of the Whistle-Blower mechanism (which is an extension of the Tata Code of Conduct).

Reviewing the financial statements and investments made by our subsidiary companies.

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The Committee has also adopted policies for the approval of services to be rendered by our independent statutory auditor, based on a procedure for ensuring such auditor's independence and objectivity, as well as for the oversight of audit work for streamlining the audit process across our subsidiaries.

The Remuneration Committee is empowered to review the remuneration of whole-time directors, retirement benefits to be paid to them and dealing with matters pertaining to Employees' Stock Option Scheme.

We have not issued any stock options to our directors/employees. The Remuneration Committee comprises two independent and two non-executive directors, namely N.N. Wadia, Chairman, V.R. Mehta, Ratan N. Tata, and N.A. Soonawala

The Investor Grievance Committee oversees the redressing of investors' complaints pertaining to securities transfers, interest/dividend payments, non-receipt of annual reports, issue of duplicate certificates and other miscellaneous complaints. Its scope also includes delegation of powers to the executives of the Company or the share transfer agents to process share transfers and other investor-related matters. The Investor Grievance Committee comprises R. Gopalakrishnan, S. M. Palia and Ravi Kant.

The Executive Committee of the Board is comprised of Ratan N. Tata, Chairman, N. A. Soonawala, J. J. Irani, R. Gopalakrishnan, N. N. Wadia, Directors, Ravi Kant, Managing Director. This Committee came into effect from July 25, 2006, upon the dissolution of the Finance Committee and the Committee of the Board. The Committee reviews revenue and capital expenditure budgets, long-term business strategy, the organizational structure, raising of finance, property related issues, review and sale of investments and the allotment of securities within established limits.

The Ethics and Compliance Committee sets forth policies relating to the implementation of the Tata Code of Conduct for Prevention of Insider Trading, and takes on record the monthly reports and dealings in securities by the Specified Persons. It also implements appropriate actions in respect of violations of the Tata Code of Conduct. The Ethics and Compliance Committee is comprised of S.M. Palia, Chairman and R. Gopalakrishnan. Mr. C. Ramakrishnan, our Chief Financial Officer, currently performs the functional equivalent of the position of compliance officer and is expected to be appointed as the new Compliance Officer.

The Nominations Committee was constituted with the objective of identifying independent directors to be inducted on the Board from time to time to refresh its constitution. The Nominations Committee comprised N. N. Wadia, Chairman, Ratan N. Tata, N. A. Soonawala and S. M. Palia.

Apart from the Committees described above, the Board of Directors also constitutes committee(s) of Directors with specific terms of reference as it may deem fit.

Summary Comparison of Corporate Governance Practices

The following is a summary comparison of significant differences between our corporate governance practices and those required by the NYSE for non-U.S. issuers.

Independent directors: The Board has determined the independence of its directors pursuant to applicable Indian listing requirements. Four directors of the Board of Directors are independent directors pursuant to such requirements. Under such requirements, a non-executive director is considered independent if he:

apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with us or our promoters, our directors, our senior management or our holding company, its subsidiaries and associates which may affect the independence of the director;

is not related to promoters or person occupying management position at the board level or at one level below the board;

has not been our executive in the immediately preceding three financial years;

is not a partner or an executive or was not a partner or an executive during the preceding three years, of our statutory audit firm or internal audit firm or a legal/consulting firm that has a material association with us.

is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect their independence; and

is not our substantial shareholders, owning two percent or more of our voting shares.

Non-management directors meetings: There is no such requirement under applicable Indian legal requirements.

Board Governance and Remuneration Committee and the Audit Committee: The requisite number of members of our Board Governance and Remuneration Committee are independent, as defined under applicable Indian legal requirements. All members of our Audit Committee are independent as defined under Rule 10A-3 under the Exchange Act. The constitution and main functions of these committees as approved by our Board are described above and, we believe, comply with the spirit of the NYSE requirements for non-U.S. issuers.

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D. Employees.

We consider our human capital as a critical factor to our success. Under the aegis of Tata Sons and the Tata Sons promoted entities, we have drawn up a comprehensive human resource strategy that addresses key aspects of human resource development such as:

Code of conduct and fair business practices.

A fair and objective performance management system linked to the performance of the businesses which identifies and differentiates high performers while offering separation avenues for non-performers.

Creation of a common pool of talented managers across Tata Sons and the Tata Sons promoted entities with a view to increasing their mobility through inter-company job rotation.

Evolution of performance based compensation packages to attract and retain talent within Tata Sons and the Tata Sons promoted entities.

Development of comprehensive training programs to impart and continuously upgrade the industry/function specific skills. In line with the Human Resource strategy, we, in turn, have recently implemented various initiatives in order to build better organizational capability that we believe will enable us to sustain competitiveness in the global market place. Our human resources focus is to attract talent, retain the better and advance the best.

Some of the initiatives to meet this objective include:

Recruitment across the country to meet the requirements of the expansion plans.

Extensive process mapping exercise to benchmark and align the human resource processes with global best practices.

Introduction of a globally benchmarked employee engagement survey.

Succession planning through identification of second level of managers for all units, locations, functions.

Implementation of a Fast Track Selection Scheme, which is a system for identifying potential talent in the areas of general, commercial and operations management and offering them opportunities for growth within the organization. Our human resources team has been invited to replicate this system in other Tata Companies.

Our Talent Management Scheme which includes the identification of high performers and high potentials through various routes such as our Performance Management System and Development Centers. Subsequent to the identification process, we provide them with challenging assignments for faster development.

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Introduction of performance rating based salary review and quality linked variable payment for supervisory category of employees. Other initiatives include:

Extensive brand building initiatives at university campuses to increase recruiting from premium universities

Introduction of an employee self service portal and employee help desk for the benefit of employees. We employed approximately 33,536; 33,900 and 36,364 permanent employees as of March 31, 2006, 2007 and 2008 respectively. The average number of temporary employees for the fiscal year ended March 31, 2008, was approximately 18,207.

The following table set forth a breakdown of persons employed by our business segments and by geographic location as of March 31, 2008.

Segment	No. of Employees	Location	No. of Employees
Automotive	30,849	India	33,570
Other	5,515	Abroad	2,794
Total	36,364	Total	36,364

Training and Development

We are committed to building the competences of our employees and improving their performance through training and development. Our focus is on identifying gaps in our employees' competencies and preparing employees for changes in competitive environments, as well as to meet organizational challenges.

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Some of the focus areas in training in the last year centered on leadership, innovation management and internationalization besides other training programmes to drive a change in our employees outlook as we continue to develop as a global competitor. Developmental initiatives for our senior leadership were undertaken through international programs at various premier institutions around the world. The entire senior leadership was also taken through cultural sensitivity programme conducted by world renowned faculty. Certain employees have also been selected for the Fulbright fellowships for leadership in management. In addition, in order to emphasize the sharing of skills across our locations and functions extensive technical training programs were organized in Pune, Jamshedpur and Lucknow. The technical exposure was enhanced further through international training and participation at international seminars.

At Jamshedpur, Pune and Lucknow in India, we have also established training divisions that impart basic skills in various trades like milling, grinding and welding to our young apprentices. We received the National Best Training Establishment award from the Government of India for the eighth time.

Union Wage Settlements

All our regular employees in India, other than management, are members of labor unions. We have generally enjoyed cordial relations with our employees at our factories and offices.

Employee wages are paid in accordance with wage agreements that have varying terms (typically three years) at different locations. The expiration dates of the wage agreements with respect to various locations are as follows:

Location	Wage Agreement valid until
Pune CVBU	August 31, 2009
Pune PCBU	March 31, 2010
Jamshedpur	March 31, 2010
Mumbai	December 31, 2009
Lucknow	March 31, 2011

A cordial industrial relations environment prevailed in all our manufacturing units.

The performance rating system, introduced for the first time, for the bargainable category in Mumbai and PCBU, has completed two full cycles and the feedback of the process received from all the quarters has been encouraging. Return-ability in wage settlements was built in by introducing quality linked payments based on a quality index as perceived by the customer.

Operatives support in the outsourcing low value added activities and in the implementation of other reforms that impact quality, cost cutting and productivity improvements across all locations.

E. Share Ownership.

The information required by this item is set forth in Item 6.A of this annual report.

Item 7. Major Shareholders and Related Party Transactions.**A. Major Shareholders**

We are a widely held, listed company with approximately 309,530 shareholders of record. To our knowledge, as of July 1, 2008, the following persons beneficially owned 1% or more of our 385,618,723 Ordinary Shares outstanding at that time:

Name of Shareholder	Holding	Percentage
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Tata Sons and subsidiaries	84,988,908	22.04
Citibank N.A., as Depositary (1)	55,808,167	14.47
Life Insurance Corporation of India Ltd.	41,756,227	10.83
Tata Steel and subsidiaries	33,226,383	8.62
DaimlerChrysler AG	25,596,476	6.64

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(1) Citibank, N.A. as depository for our ADRs, was the holder on record on June 30, 2008 of 55,808,167 shares on behalf of the beneficial owners of deposited shares.

From March 31, 2005 to March 31, 2008, the holdings of our largest shareholder, Tata Sons Limited (together with its subsidiaries), have marginally declined from 22.06% to 22.05%. Tata Steel Ltd. (together with its subsidiaries) has substantially increased its shareholdings, but its percentage shareholding has decreased slightly from 9% as of March 31, 2005 to 8.62% as of March 31, 2008, as a result of our new issuances of shares. Daimler Chrysler AG has kept its shareholdings steady, but its percentage shareholding has declined from 7.08% to 6.64% as a result of our new issuances of shares. Citibank N.A. as depository for our ADRs, has increased its shareholding from 9.19% to 12.69% because of the two-way fungibility of Depositary Receipts. Life Insurance Corporation of India Ltd. has increased its shareholding and has seen its shareholding percentage increase from 6.75% to 9.83%.

According to our register of shareholders and register of beneficial shareholders, as of June 30, 2008, there were 247 record holders of our shares with addresses in the United States, whose shareholdings represented approximately 0.05% of our outstanding Ordinary Shares on that date, excluding any of our shares held by United States residents in the form of depository shares. Because some of these shares were held by brokers or other nominees, the number of record holders with addresses in the United States may be fewer than the number of beneficial owners in the United States.

The total permitted holding of Foreign Institutional Investors, or FIIs, in our paid up share capital has been increased to 35% by a resolution passed by our shareholders on January 22, 2004. The holding of FIIs in us as of June 30, 2008, was approximately 15.24%. See Item 10.D Exchange Controls for further details.

None of our shares of common stock entitles the holder to any preferential voting rights.

Under the Takeover Regulations of India, any person who acquires more than 5%, 10%, 14%, 54% or 74% of our shares or who is entitled to exercise voting rights with respect to more than 5%, 10%, 14%, 54% or 74% of our shares must file a report concerning the shareholding or the voting rights with us and the stock exchanges on which our ordinary shares are traded. Please see Item 9.A The Offer and Listing Markets for information with respect to these stock exchanges. Similar disclosures would be applicable under the Insider Trading Regulations of India with respect to any person who acquires more than 5% of our shares or voting rights with respect to the shares. Any increases or decreases by 2% or more in the shareholding by such persons must also be disclosed. Furthermore, under our listing agreement with the stock exchanges where our shares are listed, we are required to periodically disclose to such stock exchanges the name and percentage of shares held by persons or entities that hold more than 1% of our Ordinary Shares. For the purposes of the above, reporting and takeover requirements under our listing agreements, shares withdrawn from our ADS facility will be included as part of a person's shareholding in us.

To our knowledge, we are not, directly or indirectly, owned or controlled by any other corporation or by any government or by any other natural or legal persons severally or jointly. We are not aware of any arrangements the operation of which may at a later time result in our change of control.

For details regarding voting rights, please refer to Item 10.B Memorandum and Articles of Association Voting Rights .

B. Related Party Transactions. Business Relationships.

We purchase materials, supplies, assets and services from numerous suppliers throughout the world in the ordinary course of business, including from our affiliates and firms with which certain members of our board of directors are interested. We purchased materials, supplies, fixed assets and services from these entities in the amount of Rs.16,498 million, Rs.21,857 million and Rs.29,706 million in fiscals 2006, 2007 and 2008, respectively. We also sell our products, assets and services to our affiliates and firms with which certain members of our board of directors are interested. We sold products, assets and services to these entities in the amount of Rs.1,468 million Rs.2,059 million and Rs.2,370 million in fiscals 2006, 2007 and 2008, respectively. In fiscal 2008, we sold equity interest in subsidiaries (15% holding in both HVAL and HVTL) for a consideration of Rs 1,643 million and recorded a gain of Rs.1,105 million. In fiscal 2008 we sold certain finance receivables for a consideration of Rs 10,226 million and recorded a gain of Rs.923.5 million.

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See note 27 of our audited consolidated financial statements for additional information regarding our related party transactions with our affiliates and other related parties. The foregoing do not include transactions with and among our consolidated subsidiaries, the amounts of which are eliminated upon consolidation when preparing our financial statements.

Loans

We regularly have trade accounts and other receivables payable by, and accounts payable to, our affiliates and firms with which certain members of our board of directors are interested. We had outstanding trade accounts and other receivables payable by these entities in the amount of Rs. 392 million, Rs.158 million and Rs.910 million as of March 31, 2006, 2007 and 2008, respectively. We had accounts payable to these entities in the amount of Rs.1,284 million and Rs.2,242 million as of March 31, 2007 and 2008, respectively.

From time to time, we provide short to medium-term loans to our affiliates, as well as loans under a loan program established by us and our affiliates to assist executives and directors with the purchase of housing. We believe that each of these loans was entered into in the ordinary course of business. The total amount receivable by us from our affiliates and other companies in which certain members of our board of directors are interested as at March 31, 2006, 2007 and 2008 was Rs.645 million Rs.297 million and Rs.540 million respectively. We had amounts payable for medium term loans taken from our affiliates to the tune of Rs.105 million and Rs.100 million as at March 31, 2007 and 2008, respectively.

From time to time, we also provide security deposits to the lessors of residential properties that we lease for our employees, including our Executive Directors. No extension of credit has been made, arranged or renewed by us, directly or indirectly, in the form of a personal loan to or for any of our directors or executive officers, nor has there been any material modification to any term of any such extension of credit or any renewal of any such extension of credit on or after July 30, 2002.

C. Interests of Experts and Counsel.

Not applicable.

Item 8. Financial Information.

A. Consolidated Statements and Other Financial Information. Financial Statements.

The information required by this item is set forth beginning on page F-1 of this annual report.

Legal or Arbitration Proceedings.

The information on legal or arbitration proceedings required by this item is set forth in Item 4.B of this annual report.

Dividend Policy.

Based on the net income available for appropriation, dividends are recommended by the Board of Directors for approval by the shareholders at our Annual General Meeting. Further, the Board of Directors may also pay an interim dividend at its discretion. Since fiscal year 1956, we have had an uninterrupted dividend distribution except for the fiscal years 2001 and 2002. We returned to dividend distribution in fiscal 2003. In view of our profitable performance, we declared dividends (excluding dividend tax) totaling Rs.4,979 million, Rs5,781 million and Rs.5,784 million for fiscal 2006, 2007 and 2008, respectively.

B. Significant Changes.

Other than as set forth in this annual report, no significant change has occurred with respect to us since the date of our audited consolidated US GAAP financial statements included elsewhere in this annual report.

Item 9. The Offer and Listing

A. Offer and Listing Details.

There has been no SEC-registered offering of our shares in the United States.

The details on our share and ADS price history are included in Item 9.C Markets below.

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Not Applicable.

C. Markets.

Our ADSs are have been listed on the New York Stock Exchange or NYSE, since September 27, 2004. Each ADS represents one Ordinary Share. Our shares are listed on The Bombay Stock Exchange Limited, which is also referred to as the Bombay Stock Exchange, Mumbai or the BSE, and the National Stock Exchange of India, or NSE. The following table shows closing price and trading volume data for our ordinary shares on the NSE and BSE and for our ADSs on the NYSE:

	NSE			BSE			NYSE		
	Closing Price per Share Period High Low (Rs. Per Share)	Period Low	Avg. Daily Trading Volume (in 000)	Closing Price per Share Period High Low (Rs. Per Share)	Period Low	Avg. Daily Trading Volume (in 000)	Closing Price per ADS Period High Low (\$ Per ADS)	Period Low	Avg. Daily Trading Volume (in 000)
Fiscal									
2008	830.55	609.4	1311.0	778.15	623.45	274.54	20.85	14.98	515.74
2007	986.25	659.2	1590.12	985.35	658.05	435.96	22.1	14.27	417.14
2006	941.35	406.4	2003.55	939.00	406.2	659.20	21.5	9.3	282.99
2005	525.2	366.7	3837.70	524.8	366.6	1604.90	12.1	8.7	237.92
2004	563.5	422.3	4443.1	563.3	150.2	1765.10			
Fiscal									
2009									
1st Quarter	691.5	426.0	796.3	688.85	408.4	149.9	17.15	9.97	431.31
Fiscal									
2008									
1st Quarter	766.6	641.2	1615.1	766.9	641.35	362.3	19.09	15.94	630.40
2nd Quarter	776.9	619.5	1432.2	778.15	618.95	382.2	19.14	15.56	511.89
3rd Quarter	830.5	684.3	1105.6	830.4	684.95	684.9	20.85	16.75	449.09
4th Quarter	793.5	609.4	1090.4	794.25	606.35	606.3	19.95	14.98	482.94
2007									
1st Quarter	986.25	660.45	1981.12	985.35	659.9	620.93	21.96	14.91	538.69
2nd Quarter	899.5	659.2	1600.88	898	658.05	473.04	19.5	14.27	308.81
3rd Quarter	912.2	802.1	1349.76	911.75	802.2	353.57	20.83	17.92	307.75
4th Quarter	964.75	716.45	1416.47	964.55	715.1	298.32	22.1	16.21	516.57
2006									
1st Quarter	450.2	406.4	1,715.32	449.3	406.2	532	10.4	9.3	168.21
2nd Quarter	546.1	427	1780.54	545.2	426.75	563.11	12.41	9.7	245.04
3rd Quarter	659.55	461.6	2323.85	659.5	460.8	770.35	14.37	10.44	269.38
4th Quarter	941.35	617.2	2210.21	939	617.45	781.31	21.46	13.93	453.32
Month									
August 2008	447.95	395.25	781.46	447.20	396.25	224.12	10.51	9.26	466.30
July 2008	440.85	377.60	656.64	439.60	376.35	152.24	10.75	8.90	852.07
June 2008	570.45	426.05	851.61	570.30	426.50	148.96	13.32	9.97	575.70
May 2008	691.55	575.70	824.11	690.45	576.90	159.60	17.15	13.32	396.21
April 2008	664.50	612.70	710.19	662.20	613.65	143.48	16.54	15.15	333.62
March 2008	704.35	609.40	1195.54	702.65	619.00	304.46	17.60	14.98	537.44
February 2008	770.00	693.90	755.85	774.32	695.83	132.32	19.83	17.52	335.34

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On September 22, 2008, the reported closing price of our shares on the BSE was Rs.414.90 per share, and Rs.415.30 per share on NSE on September 19, 2008, the ADS closing price on NYSE was \$9.81 per ADS.

D. Selling shareholders.

Not applicable.

E. Dilution.

Not applicable.

F. Expenses of the issue.

Not applicable.

Item 10. Additional Information.

A. Share Capital

Our Authorised Share Capital is Rs.39,000,000,000 divided into 700,000,000 Ordinary Shares of Rs.10/- each, 200,000,000 A Ordinary Shares of Rs.10/- each (The Ordinary Shares and the A Ordinary Shares are hereinafter together referred to as Ordinary Shares or shares unless otherwise specifically mentioned to the contrary) and 300,000,000 Convertible Cumulative Preference Shares of Rs.100/- each.

Under the Companies Act, as well as our Articles of Association, if our share capital is divided into different classes of shares, all or any of the rights or privileges attached to each class of shares may be varied, modified or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class. Our Articles of Association further provide that the rights conferred upon the holders of the shares of any class issued with preferential or other rights shall not, unless otherwise expressly prohibited by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* thereto.

In accordance with the Articles and under the Companies Act, may issue Ordinary Shares with differential rights as to voting and/or dividend (A Ordinary Shares) up to an amount not exceeding 25% of the total issued Ordinary Share Capital of the Company or such other limit as may be prescribed by applicable laws/regulations.

B. Memorandum and Articles of Association

Objects and Purposes

Our principal objects, as provided by Clause 3 of our Memorandum of Association, include:

manufacturing, marketing, import, export, hiring and letting on hire of commercial vehicles, automobile cars, two wheeler vehicles, heavy and construction equipment including components, accessories and spare parts in relation thereto;

to carry on the business as manufacturers and dealers of machinery articles and goods of all classes;

to carry on the business of manufacturing materials which may be usefully combined with our manufacturing and engineering business; and

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to carry on the business of financing and re-financing of all types of vehicles, construction equipment, capital equipment and services by way of credit, hire purchases, leases and loans.

Directors

Under the Companies Act, as well as our Articles of Association, each of our Directors, who is in any way directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by or on our behalf is required to disclose the nature of his interest at a meeting of the first meeting of the Board held after the Director becomes concerned. Under the Companies Act, as well as the Articles of Association, an interested Director is not allowed to take part in the discussion of, or vote on, any contract, arrangement or proposal in which the Director is interested.

Under the Companies Act and our Articles of Association, we are restricted from making loans to Directors and the prior approval of the Central Government is required before we can make any loans, directly or indirectly, to any Director or provide, directly or indirectly, any guarantees or security in connection with any loan made by a third party to a Director.

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Under our Articles of Association, a director is not required to hold any qualification shares. Our Articles of Association do not prescribe an age limit for the retirement of the Directors. As per the policy adopted by our Board, executive directors retire at the age of 65 and non-executive directors retire at the age of 75.

Under our Articles of Association, the number of our Directors cannot be less than three nor more than fifteen.

Dividends

Under the Companies Act, unless the Board recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 205 of the Companies Act, no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous fiscal year(s) calculated pursuant to the provisions of the Companies Act.

Under our Articles of Association, the shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the Board. Dividends are generally declared as a percentage of the par value. The dividend recommended by the Board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their shares as on the record date for which such dividend is payable. In addition, the Board may declare and pay interim dividends. The shares to be issued upon the conversion of the ADSs will be fully paid-up when delivered as provided herein. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders on the date which is specified as the record date or book closure date. No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of their shares is outstanding.

Shares issued upon conversion of ADSs will rank *pari passu* with our existing Ordinary Shares of Rs. 10/- each in all respects including entitlement of the dividend declared.

Dividends must be paid within 30 days from the date of the declaration and any dividend which remains unpaid or unclaimed after that period must be transferred within seven days to a special unpaid dividend account held at a scheduled bank. Any money which remains unpaid or unclaimed for seven years from the date of such transfer must be transferred by us to the Investor Education and Protection Fund established by the Government pursuant to which no claim shall lie against us or the said Fund.

Under the Companies Act, we may only pay a dividend in excess of 10% of paid-up capital in respect of any year out of the profits of that year after we have transferred to our reserves a percentage of our non consolidated Indian GAAP profits for that year ranging between 2.5% to 10% depending on the rate of dividend proposed to be declared in that year. The Companies Act further provides that if the profit for a year is insufficient, the dividend for that year may be declared out of the non consolidated Indian GAAP accumulated profits earned in previous years and transferred to reserves, subject to the following conditions: (i) the rate of dividend to be declared may not exceed the lesser of the average of the rates at which dividends were declared in the five years immediately preceding the year, or 10% of paid-up capital; (ii) the total amount to be drawn from the accumulated profits from previous years may not exceed an amount equivalent to 10% of paid-up capital and free reserves and the amount so drawn is first to be used to set off the losses incurred in the financial year before any dividends in respect of preference or equity shares; and (iii) the balance of reserves after withdrawals must not be below 15% of paid-up capital.

A Ordinary shareholders will receive dividend for any financial year at five percentage points more than the aggregate rate of dividend declared on Ordinary Shares for that financial year.

Capitalization of Reserves and Issue of Bonus Shares

Our Articles of Association permit us by a resolution of our shareholders in a general meeting to resolve that amounts standing to the credit of reserves or securities premium can be capitalized by the issue of fully paid bonus shares (also referred to as a stock dividend) or by crediting shares not fully paid-up with the whole or part of any sum outstanding. Bonus shares must be issued pro rata to the amount of capital paid-up on existing shareholdings. Any issue of bonus shares would be subject to the guidelines issued by SEBI in this regard.

Calls on Shares, Pre-Emptive Rights and Alteration of Share Capital

Under the Companies Act, as well as our Articles of Association, the Board of Directors may from time to time make such calls as they think fit upon the members of the Company in respect of all moneys unpaid on the shares held by them respectively and each member is required to pay the amount of every call so made on him to the Company.

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Subject to the provisions of the Companies Act, we may increase our share capital by issuing new shares on such terms and with such rights as we, by action of shareholders in a general meeting, determine. These new shares will be offered to existing shareholders listed on the members register on the record date in proportion to the amount paid-up on these shares at that date. The offer will be

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made by notice specifying the number of shares offered and the date (being not less than 15 days from the date of the offer) after which the offer, if not accepted, will be deemed to have been declined. After this date, the Board may dispose of the shares offered in respect of which no acceptance has been received, in such manner as the Board thinks most beneficial to us. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to such person in favor of any other person provided that the person in whose favor these shares have been renounced is approved by the Board in their absolute discretion.

Under the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders, if a special resolution to that effect is passed by the shareholders of the company in a general meeting. The issuance of shares upon conversion of our outstanding Convertible Notes has been duly approved by a special resolution of our shareholders and our shareholders have waived their pre-emptive rights with respect to these shares.

The Company can also alter its share capital by way of a reduction of capital or by undertaking a buy-back of shares under the prescribed SEBI guidelines.

Our Articles of Association provide that, by a special resolution passed at the general meeting, we may consolidate or sub-divide our share capital, convert all or any of our fully paid-up shares into stock and re-convert that stock into fully paid-up shares or cancel shares which have not been taken up by any person. The Company may also from time to time by special resolution reduce its capital.

General Meetings of Shareholders

We must hold our Annual General Meeting each year within 15 months of the previous Annual General Meeting and in any event not later than six months after the end of each accounting year, unless extended by the Registrar of Companies at our request for any special reason. Our Board of Directors may convene an Extraordinary General Meeting of shareholders when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than 10% of our capital. Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all shareholders in the case of an Annual General Meeting, and from shareholders holding not less than 95% of our paid-up capital in the case of any other general meeting. Currently, we give written notices to all members and, in addition, give public notice of general meetings of shareholders in a daily newspaper of general circulation in Mumbai. General meetings are generally held at some place in Mumbai. The quorum for a general meeting of the company is five shareholders personally present.

A company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum, buy back of shares under the Companies Act, giving loans or extending guarantee in excess of limits prescribed under the Companies Act, and guidelines issued thereunder, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in the general meeting of the company. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot voting also allows shareholders to cast their votes by electronic means.

Voting Rights

At a general meeting upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy is in the same proportion as the capital paid-up on each share held by such holder bears to the total paid-up capital. Voting is by show of hands, unless a poll is ordered by the Chairman of the meeting or demanded by shareholder or shareholders holding at least 10% of the voting rights in respect of the resolution or by those holding paid-up capital of at least Rs.50,000. The Chairman of the meeting has a casting vote.

Holders of ADSs may exercise voting rights with respect to the Ordinary Shares represented by ADSs only in accordance with the provisions of our ADS deposit agreement and Indian law. Holders of ADSs are not entitled to attend or vote at shareholders meetings. A holder of ADSs may withdraw from the ADS facility the related underlying shares and vote as a direct shareholder, but there may not be sufficient time to do so after the announcement of an upcoming vote. If requested by us, the depository will notify holders of ADSs of upcoming votes and arrange to deliver our voting materials to holders of ADSs. The materials will describe the matters to be voted on and explain how holders of ADSs on a record date specified by the depository may instruct the depository to vote on the deposited securities underlying the ADSs as directed by the holders of ADSs. For the instructions to be valid, the depository must receive them in writing on or before a date specified by the depository. The depository will try, insofar as practicable, subject to Indian laws and the provisions of our Articles of Association, to vote or have its agents vote the deposited securities as instructed. The depository will only vote as instructed and is not entitled to exercise any voting discretion. If the depository timely receives voting instructions from a holder of ADSs and which fails to specify the manner in which the depository is to vote the shares underlying such holder's ADSs, such holder will be deemed to have instructed the depository to vote in favor of the items set forth in

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such voting instructions. If the depository does not receive timely instructions from a holder of ADSs, the holder shall be deemed to have instructed the depository to give a discretionary proxy to a person designated by us, subject to the conditions set forth in the deposit agreement. If requested by us, the depository is required to represent all shares underlying the outstanding ADSs, regardless whether timely instructions have been received from the holders of such ADSs, for the sole purpose of establishing a quorum at a meeting of shareholders.

Ordinary resolutions may be passed by simple majority of those shareholders present and voting at the meeting. Special resolutions require that the votes cast in favor of the resolution must be at least three times the votes cast against the resolution. The Companies Act provides that in order to amend the Articles of Association, a special resolution is required to be passed in a general meeting. Dissolutions, mergers or consolidations, transfers of the whole or a significant part of our business to another company or taking over the whole of the business of any other company and, in any case where shareholding of public financial institutions and banks exceeds 25%, appointment of statutory auditors, each require a special resolution. Our Articles of Association do not permit cumulative voting for the election of our directors.

A shareholder may exercise his voting rights by proxy to be given in the form required by our Articles of Association. The instrument appointing a proxy is required to be lodged with the company at least 48 hours before the time of the meeting. A shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of shareholders. Any of our shareholders may appoint a proxy. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings. A proxy may not vote except on a poll and does not have a right to speak at meetings. A shareholder which is a legal entity may appoint an authorized representative who can vote in all respects as if a shareholder both on a show of hands and a poll.

The Companies Act allows for a company to issue shares with differential rights as to dividend, voting or otherwise subject to other conditions prescribed under applicable law. In this regard, the laws require that for a company to issue shares with differential voting rights the company must have had distributable profits in terms of the Companies Act for a period of three financial years, the company has not defaulted in filing annual accounts and annual returns for the immediately preceding three years, the articles of association of such company must allow for the issuance of such shares with differential voting rights and such other conditions set forth in the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001 must be fulfilled.

In the case where a resolution is put to vote on a poll, such voting entitlement (excluding fractions, if any), will be applicable to holders of A Ordinary Shares.

In the case where a resolution is put to vote in the meeting and is to be decided on a show of hands, the holders of A Ordinary Shares shall be entitled to the same number of votes as available to holders of Ordinary Shares.

Convertible Securities/Warrants

We may issue from time to time debt instruments that are partly and fully convertible into shares and/or warrants to purchase shares.

Register of Shareholders and Record Dates

We are obliged to maintain a register of shareholders at our registered office in Mumbai or at some other place in the same city. The register and index of our beneficial owners maintained by a depository under the Depositories Act, 1996 is deemed to be a part of the index of members and register of shareholders. We recognize as shareholders only those persons who appear on our register of shareholders and we cannot recognize any person holding any Share or part of it upon any trust, express, implied or constructive, except as permitted by law. In the case of shares held in physical form, we register transfers of shares on the register of shareholders upon lodgment of the share transfer form duly complete in all respects accompanied by a share certificate or if there is no certificate, the letter of allotment in respect of shares transferred together with duly stamped transfer forms. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, we enter the name of the depository in our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares that are held by the depository.

For the purpose of determining the shareholders, the register may be closed for periods not exceeding 45 days in any one year or 30 days at any one time. In order to determine the shareholders entitled to dividends, we keep the register of shareholders closed for approximately 21 days, generally in June or July of each year. Under the listing regulations of the stock exchanges on which our outstanding shares are listed, we may, upon at least 15 days advance notice to these stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders entitled to the dividend. The trading of shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Annual Report and Financial Results

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Our Indian GAAP audited financial statements for the relevant fiscal year, the directors' report and the auditors' report, (collectively the Annual Report), must be laid before the Annual General Meeting. These also include other financial information, a corporate governance section and management's discussion and analysis report and general shareholders' information and are also made available for inspection at our registered office during normal working hours for 21 days prior to our annual general meeting.

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Under the Companies Act, we must file the Annual Report with the Registrar of Companies within seven months from the close of the accounting year or within 30 days from the date of the annual general meeting, whichever is earlier. As required under listing agreements with the applicable stock exchanges, copies are required to be simultaneously sent to all the stock exchanges on which our shares are listed. We must also publish our financial results in at least one English language daily newspaper circulating in the whole or substantially the whole of India and also in a newspaper published in the language of the region where our registered office is situated.

We submit information, including our Annual Report, half yearly financial statements, report on corporate governance and the shareholding pattern statement, in accordance with the requirements of the listing agreement with the Singapore Stock Exchange.

Transfer of Shares

Shares held through depositories are transferred in book-entry form or in electronic form in accordance with the regulations laid down by the SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. We have entered into an agreement for these depository services with National Securities Depository Limited and the Central Depository Services (India) Limited.

The SEBI requires that all investors hold our shares in book-entry form for trading and settlement purposes, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

The requirement to hold shares in book-entry form will apply to ADS holders when the shares are withdrawn from the depository facility upon surrender of the ADSs. In order to trade in our shares in the Indian market, the withdrawing ADS holder will be required to comply with the procedures above.

Our ordinary shares are freely transferable, subject only to the provisions of the Companies Act under which, if a transfer of shares contravenes the SEBI provisions or the regulations issued under it or any other law for the time being in force or the Sick Industrial Companies (Special Provisions) Act, 1985, or SICA, or any other similar law, the Indian Company Law Board may, on an application made by the company, a depository incorporated in India, an investor, the SEBI or other parties, direct a rectification of the register of records. If a company without sufficient cause refuses to register a transfer of shares within two months from the date on which the instrument of transfer is delivered to the company, the transferee may appeal to the Indian Company Law Board seeking to register the transfer of equity shares. The Indian Company Law Board may in its discretion, issue an interim order suspending the voting rights attached to the relevant equity shares before completing its investigation of the alleged contravention. Under the Companies (Second Amendment) Act, 2002, the operative provisions of which are yet to come into force, the Indian Company Law Board is proposed to be replaced with the National Company Law Tribunal. Further, under the Sick Industrial Companies (Special Provisions) Repeal Act, 2003, the SICA is sought to be repealed and the Board of Industrial and Financial Reconstruction, as constituted under the SICA, is to be replaced with the National Company Law Tribunal.

Pursuant to the Listing Agreement, in the event we have not effected the transfer of shares within one month or where the Issuer has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, the Issuer is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay.

The Companies Act provides that the shares or debentures of the public listed company (like the Issuer) shall be freely transferable. Our Articles of Association provide for restrictions on the transfer of shares, including granting power to the board of directors in certain circumstances to refuse to register or acknowledge transfer of shares or other securities issued by us. However, under the Companies Act the enforceability of these transfer restrictions is unclear.

Acquisition of Our Own Shares

The Company is prohibited from acquiring its own shares unless the consequent reduction of capital is effected by an approval of at least 75% of its shareholders voting on the matter in accordance with the Companies Act, 1956 and is also sanctioned by a High Court of competent jurisdiction. Moreover, subject to certain conditions, a company is prohibited from giving, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the company or its holding company. However, pursuant to amendments to the Companies Act, a company has been empowered to purchase its own shares or other specified securities out of its free reserves, or the securities premium account or the proceeds of any shares or other specified securities (other than the kind of shares or other specified securities proposed to be bought back) subject to the following conditions:

- (i) the buy back should be authorized by the Articles of Association;

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- (ii) a special resolution has been passed at our general meeting authorizing the buy back;
- (iii) the buy back is limited to 25% of the total paid up capital and free reserves;
- (iv) the debt owed by us (including all amounts of unsecured and secured debt) is not more than twice the capital and free reserves after the buy back; and

(v) the buy-back is in accordance with the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998. The condition mentioned above in (ii) would not be applicable if the buy-back is for less than 10% of the total paid-up equity capital and free reserves of the company and provided that this buy-back has been authorized by the board of directors of the company. A company buying back its securities is required to extinguish and physically destroy the securities so bought back within seven days of the last date of completion of the buy-back. Further, a company buying back its securities is not permitted to buy-back any securities for a period of one year from the buy-back and to issue securities for six months. The aforesaid restriction relating to the one year period does not apply to a buyback authorized by a special resolution of the shareholders in general meeting. Every buy-back has to be completed within a period of one year from the date of passing of the special resolution or resolution of the Board, as the case may be.

A company is also prohibited from purchasing its own shares or specified securities through any subsidiary company including its own subsidiary companies or through any investment company (other than a purchase of shares in accordance with a scheme for the purchase of shares by trustees of or for shares to be held by or for the benefit of employees of the company) or if the company is defaulting on the repayment of deposit or interest, redemption of debentures or preference shares or payment of dividend to a shareholder or repayment of any term loan or interest payable thereon to any financial institution or bank, or in the event of non-compliance with other provisions of the Companies Act.

Liquidation Rights

Subject to the rights of creditors, workmen and of the holders of any other shares entitled by their terms of issue to preferential repayment over the shares, in the event of our winding up, the holders of our shares are entitled to be repaid the amounts of capital paid-up or credited as paid-up on these shares, or in case of shortfall, proportionately. All surplus assets after payments due to workmen, the holders of any preference shares and other creditors belong to the holders of the equity shares in proportion to the amount paid up or credited as paid-up on these shares respectively at the commencement of the winding-up.

C. Material Contracts.

Except as given below, neither Tata Motors Limited nor any of its consolidated subsidiaries or associated companies is a party to any material contract other than contracts entered into in the ordinary course of business:

the Tata Brand Equity and Business Promotion Agreement incorporated by reference into this annual report as Exhibit 4.1, which is described in Item 4.C of this annual report;

the agreement entered into by us with Mr. Ravi Kant for his appointment as Managing Director, which is incorporated by reference in this annual report as Exhibit 4.2;

the supplemental agreement entered into by us with Mr. Ravi Kant on his revised remuneration as Managing Director, which is included as Exhibit 4.3 of this annual report; and

the agreement for the sale and purchase of Jaguar and Land Rover, which is included as Exhibit 4.4 of this annual report.

D. Exchange Controls.

General

Prior to June 1, 2000, foreign investment in Indian securities, including the acquisition, sale and transfer of securities of Indian companies, was regulated by the Foreign Exchange Regulation Act, 1973, or FERA, and the notifications issued by the Reserve Bank of India or RBI thereunder.

With effect from June 1, 2000, foreign investment in Indian securities is regulated by the Foreign Exchange Management Act 1999, or FEMA (as amended from time to time), and the rules, regulations and notifications made under FEMA. A person resident outside India can transfer any security of an Indian company or any other security to an Indian resident only under the terms and conditions specified in FEMA and the rules and regulations made thereunder or as permitted by the RBI.

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The RBI issued the Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations 2000, or the Regulations, to regulate the issue of Indian securities including American depository receipts to persons resident outside India and the transfer of Indian securities by or to persons resident outside India.

The Regulations provide that an Indian entity may issue securities to a person resident outside India or record in its books any transfer of security from or to such person only in the manner set forth in FEMA and the rules and regulations made thereunder or as permitted by the RBI.

Foreign Direct Investment

The Government of India, pursuant to its liberalization policy, set up the Foreign Investment Promotion Board, or the FIPB, to regulate all foreign direct investment into India. Foreign Direct Investment, means investment by way of subscription and/or purchase of securities of an Indian company by a non resident investor. FIPB approval is required for investment in some sectors, including housing, petroleum (other than refining), defense and strategic industries. Also, the following investments would require the prior permission of the FIPB:

investments, including a transfer of shares, in excess of specified sectoral caps;

investments by a foreign investor who has an existing joint venture or technology transfer/trade mark agreement in the same field. However, prior FIPB approval will not be required in case of investment made by a venture capital fund registered with SEBI or where the investment in the existing joint venture is less than 3.0 per cent. or where the existing joint venture is defunct or sick;

investment being more than 24% in the equity capital of units manufacturing items reserved for small scale industries;

investments by an unincorporated entity;

investment in industries for which industrial licensing is compulsory; and

all proposals relating to acquisition of shares of an Indian company by a foreign investor (including individuals of Indian nationality or origin residing outside India (a Non-Resident Indian), the activities of which company are not under the automatic route under existing Indian foreign investment policy or where the Indian company is engaged in the financial services sector or where the acquisition of shares attracts the provisions of the Takeover Code. However, pursuant to a recent Press Note issued by the Government of India, the prior permission of the FIPB would not be required for the transfer of shares from residents to non-residents in the financial services sector or, in transactions subject to the Indian Takeover Code in cases where approvals are required from the RBI, under the Takeover Code, or the Insurance Regulatory and Development Authority.

Subject to certain exceptions, Foreign Direct Investment and investment by individuals of Indian nationality or origin residing outside India, or Non-Resident Indians, in Indian companies does not require the prior approval of the FIPB or the RBI. The Government has indicated that in all cases where Foreign Direct Investment is allowed on an automatic basis without FIPB approval the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies.

The Government has set up the Foreign Investment Implementation Authority, or the FIIA in the Ministry of Commerce and Industry. The FIIA has been mandated to (i) translate foreign direct investment approvals into implementation, (ii) provide a proactive one-stop after-care service to foreign investors by helping them obtain necessary approvals, (iii) sort out operational problems and (iv) meet with various Government agencies to find solutions to foreign investment problems and maximize opportunities through a co-operative approach.

Pricing

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The price of shares of a listed Indian company issued to non-residents under the foreign direct investment scheme on an automatic basis cannot be less than the price worked out in accordance with the guidelines issued by the SEBI for the preferential

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allotment of shares. Where an Indian company is not listed on any recognized stock exchange in India the minimum issue price of the shares would be based on a fair valuation of shares done by a chartered accountant as per the guidelines issued by the erstwhile Controller of Capital Issues.

Every Indian company issuing shares or convertible debentures in accordance with the Regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser. The above description applies only to an initial issue of shares or convertible debentures by an Indian company.

The above description applies only to a fresh issue of shares or convertible debentures by an Indian company.

Portfolio Investment by Foreign Institutional Investors

In September 1992, the Government issued guidelines that enable foreign institutional investors, including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated/institutional portfolio managers referred to as Foreign Institutional Investors, or FIIs, to make portfolio investments in all securities of listed and unlisted companies in India. Investments by registered Foreign Institutional Investors or Non-Resident Indians made through a stock exchange are known as Portfolio Investments. Foreign investors wishing to invest and trade in Indian securities in India under these guidelines are required to register with the SEBI and obtain a general permission from the RBI under the Foreign Exchange Management Act, 1999. However, since the SEBI provides a single window clearance, a single application must be made to the SEBI. Foreign investors are not necessarily required to register with the SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995 (the Foreign Institutional Investor Regulations) as Foreign Institutional Investors and may invest in securities of Indian companies pursuant to the Foreign Direct Investment route discussed above.

Foreign Institutional Investors who are registered with the SEBI are required to comply with the provisions of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, or Foreign Institutional Investor Regulations. A registered foreign institutional investor may buy, subject to the ownership restrictions discussed below, and sell freely securities issued by any Indian company, (excluding companies engaged in the print media sector) realize capital gains on investments made through the initial amount invested in India, subscribe to or renounce rights offerings for shares, appoint a domestic custodian for custody of investments made and repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights offerings of shares. A Foreign Institutional Investor may not hold more than 10% of the total issued capital of a company in its own name; a corporate/individual sub-account of the Foreign Institutional Investor may not hold more than 5% of the total issued capital of a company, and a broad based sub-account may not hold more than 10% of the total issued capital of a company. The total holding of all Foreign Institutional Investors in a company is subject to a cap of 24% of the total paid up capital of a company, which can be increased to the relevant sectoral cap/ceiling applicable to the said company under the Foreign Direct Investment Regime with the passing of a special resolution by the shareholders of the company in a general meeting.

In terms of recent amendments made to the Foreign Institutional Investor Regulations, FIIs are permitted to purchase shares and convertible debentures, subject to the FII limits, of an Indian company either through:

a public offer, where the price of the shares to be issued is not less than the price at which the shares are issued to Indian residents, or

a private placement, where the price of the shares to be issued is not less than the price according to the terms of the relevant guidelines or the guidelines issued by the former Controller of Capital Issues.

Registered FIIs are generally subject to tax under Section 115AD of the Income Tax Act of 1961. There is uncertainty under Indian law as to the tax regime applicable to FIIs that hold and trade in ADSs and Shares. See Item 10.E Taxation Taxation of Capital Gains Indian Taxation .

Portfolio Investment by Non-Resident Indians

A variety of methods for investing in shares of Indian companies are available to Non-Resident Indians. These methods allow Non-Resident Indians to make Portfolio Investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. In addition to Portfolio Investments in Indian companies, non-resident Indians may also make foreign direct investments in Indian companies pursuant to the Foreign Direct Investment route discussed above.

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Transfer of shares and convertible debentures of an Indian company by a person resident outside India

Until recently, the sale of shares of an Indian company from a non-resident to a resident required RBI approval, unless the sale was made on a stock exchange at the market price. The Government has granted general permission to persons residing outside India to transfer shares and convertible debentures held by them to an Indian resident, subject to compliance with certain terms and conditions and reporting requirements. A resident who wishes to purchase shares from a non-resident must, pursuant to the relevant notice requirements, file a declaration with an authorised dealer in the prescribed Form FC-TRS, together with the relevant documents and file an acknowledgment thereof with the Indian company to effect transfer of the shares to his name. However, in such cases, the person to whom the shares are being transferred is required to obtain the prior permission of the Central Government of India to acquire the shares if such person has an existing venture (in which such person holds over 3% shares) or tie-up in India through investment in shares or debentures or a technical collaboration or a trade mark agreement or investment by whatever name in the same field to that in which the Indian company whose shares are being transferred is engaged. Further, a non-resident may transfer any security held by such resident to a person resident in India by way of gift.

Moreover, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the Government or RBI, provided that: (i) the activities of the investee company are under the automatic route pursuant to FDI Policy and the transfer is not subject to regulations under the Indian Takeover Code; (ii) the non-resident shareholding complies with sector limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Sponsored ADR Schemes

By notification dated November 23, 2002, the RBI has permitted existing shareholders of Indian companies to sell their shares through the issuance of ADRs against the block of existing shares of the Indian company, subject to the following conditions:

The facility to sell the shares would be available *pari passu* to all categories of shareholders.

The sponsoring company whose shareholders propose to divest existing shares in the overseas market through issue of ADRs will give an option to all its shareholders indicating the number of shares to be divested and the mechanism how the price will be determined under the ADR norms. If the shares offered for divestment are more than the pre-specified number to be divested, shares would be accepted from the existing shareholders in proportion to their existing shareholdings.

The proposal for divestment of the shares would have to be approved by a special resolution of the Indian company.

The proceeds of the ADR issue raised abroad shall be repatriated into India within a period of one month from the closure of the issue. However, the proceeds of the ADR issue can also be retained abroad to meet the future foreign exchange requirements of the company and by a recent notification this facility has been extended indefinitely until further notice.

The issue related expenses in relation to public issue of ADRs under this scheme would be subject to a ceiling of 4% of the issue size in the case of public issues and 2% of the issue size in the case of private placements. The issue related expenses would include underwriting commissions, lead managers charges, legal expenses and reimbursable expenses. The issue expenses shall be passed on to the shareholders participating in the sponsored issue on a *pro rata* basis.

Transfer of ADRs by Non-residents

The Ministry of Finance, Government of India, has granted general permission for the transfer of ADRs outside India and also permitted non-resident holders of ADRs to surrender ADRs in exchange for the underlying shares. Pursuant to the terms of the Deposit Agreement an investor who surrenders ADRs and withdraws shares is permitted to re-deposit such shares subject to the total issued ADRs and obtain ADRs at a later time.

Fungibility of ADRs

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In March 2001, the RBI permitted the re-conversion of shares of Indian Companies into ADRs, subject to the following conditions:

the Indian company has issued ADRs;

the shares of the Indian company are purchased by a registered stock broker in India in the name of the Depository, on behalf of the non-resident investor who wishes to convert such shares into ADRs;

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shares are purchased on a recognized stock exchange;

the shares are purchased with the permission of the custodian of the ADRs of the Indian company and are deposited with the custodian;

the issuer company has authorized the custodian to accept shares from non-resident investors for re-issuance of ADRs;

the number of shares so purchased do not exceed the ADRs converted into underlying shares, and are in compliance with the sectoral caps applicable under the Foreign Direct Investment regime; and

the non-resident investor, broker, custodian and the overseas depository comply with the provisions of the Depository Receipt Mechanism and the guidelines issued thereunder from time to time.

Also the RBI has prescribed that the domestic custodians are the entity required to ensure compliance with the RBI guidelines and to file reports with the RBI from time to time. The domestic custodian is also required to perform the following functions:

provide a certificate to the RBI and the SEBI stating that the sectoral caps for foreign investment in the relevant company have not been breached;

monitor the total number of ADRs that have been converted into underlying shares by non-resident investors;

liaise with the issuer company to ensure that the foreign investment restrictions, if any, are not being breached; and

file a monthly report about the ADR transactions under the two-way fungibility arrangement with the RBI and the SEBI.

E. Taxation.

This section describes the material United States federal income tax and Indian stamp duty and income and service tax consequences of owning shares or ADSs. It applies to you only if you hold your shares or ADSs as capital assets for tax purposes. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

a dealer in securities,

a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,

a tax-exempt organization,

a life insurance company,

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a person liable for alternative minimum tax,

a person that actually or constructively owns 10% or more of our voting stock,

a person that holds shares or ADSs as part of a straddle or a hedging or conversion transaction, or

a U.S. holder (as defined below) whose functional currency is not the dollar.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, and the laws of India all as currently in effect, as well as on the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the Treaty). These laws are subject to change, possibly on a retroactive basis. In addition, this section is based in part upon the representations of the Depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

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You are a U.S. holder if you are a beneficial owner of shares or ADSs and you are, for U.S. federal income tax purposes:

a citizen or resident of the United States,

a domestic corporation,

an estate whose income is subject to United States federal income tax regardless of its source, or

a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

With regard to Indian tax, the following discussion addresses only the tax consequences for persons that are non-residents of India, as defined in the Indian Income Tax Act of 1961, or the Income Tax Act and is based on the provisions of Section 115AC and other applicable provisions of the Income Tax Act and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme 1993 promulgated by the Government of India, or together the Section 115AC Regime.

You should consult your own tax advisor regarding the United States federal, state and local and the Indian and other tax consequences of owning and disposing of shares and ADSs in your particular circumstances.

If a partnership holds shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. If you hold shares or ADSs as a partner in a partnership, you should consult your tax advisor with regard to the U.S. federal income tax treatment of an investment in our shares and ADSs.

This discussion addresses only United States federal income taxation and Indian stamp duty and income and service taxation.

In general, and taking into account the earlier assumptions, for United States federal income and Indian tax purposes, if you hold ADRs evidencing ADSs, you will be treated as the owner of the shares represented by those ADRs. Exchanges of shares for ADRs, and ADRs for shares, generally will not be subject to United States federal income or to Indian tax, but such exchange may give rise to Indian stamp duty as described below under Stamp Duty .

Taxation of Dividends

Indian Taxation. Dividends paid to non-residents of India will not be liable to tax. However, the Company will be liable to pay a dividend distribution tax currently at the rate of 15% (plus a surcharge at 10% and education cess at the rate of 3% on the dividend distribution tax and surcharge) on the total amount distributed as a dividend. The effective rate of dividend distribution tax is 17%.

Distributions to non-residents of India of additional ADSs or shares or rights to subscribe for such shares made with respect to ADSs or shares are not subject to Indian tax.

United States Federal Income Taxation

U.S. Holders. Under the United States federal income tax laws, and subject to the passive foreign investment company, or PFIC rules described below, if you are a U.S. holder, the gross amount of any dividend we pay out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes) is subject to United States federal income taxation. If you are a noncorporate U.S. holder, dividends paid to you in taxable years beginning before January 1, 2011 that constitute qualified dividend income will be taxable to you at a maximum tax rate of 15% provided that you hold the shares or ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends we pay with respect to the shares or ADSs generally will be qualified dividend income.

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The dividend is taxable to you when you, in the case of shares, or the Depositary, in the case of ADSs, receive the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations.

The amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. dollar value of the rupee payments made, determined at the spot rupee/U.S. dollar rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

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Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the shares or ADSs and thereafter as capital gain.

Dividends will be income from sources outside the United States. Dividends paid in taxable years beginning before January 1, 2007 generally will be passive or financial services income, and dividends paid in taxable years beginning after December 31, 2006 will, depending on your circumstances, be passive or general income which, in either case, is treated separately from other types of income for purposes